104

MIDDLE EAST PEACE PROCESS

Y 4. IN 8/16: M 58/10

Middle East Peace Process, 104-1 He...

HEARING

BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

SEPTEMBER 20, 1995

Printed for the use of the Committee on International Relations

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MIDDLE EAST PEACE PROCESS

WEDNESDAY, SEPTEMBER 20, 1995

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m. in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (chairman of the committee) presiding.

Chairman GILMAN. The committee will come to order. This morning's hearing is on the Middle East peace process. It is our intention to hold such a hearing at the request of a number of organizations and people who are concerned about it.

With our committee's legislative responsibilities regarding our foreign affairs program and agencies largely completed, we are pleased that we could schedule today's hearing despite the heavy calendar in the Congress. We look forward to the testimony of our witnesses.

Two years ago this month Israel's Prime Minister, Yitzhak Rabin, and PLO Chairman, Yasir Arafat, signed a Declaration of Principles on interim self-government for the disputed territories.

Since then we have seen some other positive developments in the Middle East. Israel and Jordan have signed a peace treaty. Bilateral talks have continued between Israel and Syria and between Israel and Lebanon. The Gulf Cooperation Counties announced that they were lifting the secondary and tertiary boycotts against Israel.

But the center of attention has been the negotiations between Israel and the PLO. Under the declaration, Prime Minister Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with the PLO.

The PLO Chairman, Yasir Arafat, recognized Israel's right to exist and accepted U.N. Security Council Resolutions 242 and 338.

He renounced terrorism and violence, stated that language in the Palestinian Covenant calling for the destruction of Israel was invalid, and promised to seek its deletion.

To support the peace process, the United States has pledged $500 million over 5 years to the PLO as part of a $2 billion international package of economic and development assistance for the Palestinian Authority.

The Congress adopted the Middle East Peace Facilitation Act, known as MEPFA. That legislation enabled the administration to provide this kind of assistance to the PLO, subject to compliance with the commitments it undertook, and permitted the PLO to open an office in Washington.

MEPFA also required the administration to submit periodic reports to Congress stating that the PLO was adhering to the commitments made under the Declaration of Principles.

Regrettably, these reports can best be described as a mixture of naivete and optimism, perhaps borne of a desire by the administration to see matters not as they are but as they would wish them to be.

For example, despite Mr. Arafat's commitment to end violence, it has continued; and the Palestinian Covenant still calls for the destruction of the State of Israel.

While Chairman Arafat is quoted in the international news media as deploring incidents of violence, there are numerous reports that his comments are far different to Arabic audiences.

Another aspect of the peace process to be explored is the economic aid that has been authorized under MEPFA.

There have been serious questions concerning the PLO's assets, its ability to effectively utilize that aid, and whether aid funds will in fact go to assist people in the self-rule areas and not be siphoned off for other purposes.

Last year, I requested that the GAO conduct a financial survey of the PLO in order to establish that it has the necessary structure and could provide the accountability that is usually called for in connection with our economic assistance activities.

Regrettably, the GAO report has been submitted, but it is classified; so we have been unable to share its findings with other interested parties. I understand that a representative of the GAO is with us today, and hopefully he will be able to shed some light on this situation.

The search for peace in the Middle East has been among the most important and most contentious of the challenges facing the international community.

The end of the cold war has brought an opportunity for peace in that region which cannot and must not be ignored. However, there are those who have serious concerns about the current negotiations.

The purpose of today's hearing is to try to address some of those concerns and to shed some light on these issues.

Today we will hear from a series of panels that include Members of Congress, the General Accounting Office, research institutions, and membership organizations.

Before introducing our first panel of witnesses, do any of my colleagues have opening remarks they would like to make?

Mr. HASTINGS. Mr. Chairman, yes, with your permission.

Chairman GILMAN. Mr. Hastings. Please be brief.

I would like to note that we have a very heavy schedule. We also have a heavy schedule on the floor today. We are going to ask our witnesses to limit their remarks to 5 minutes, and we will also request our colleagues to be as brief as possible.

Mr. HASTINGS. I thank the Chairman.

Mr. Chairman, I am most delighted to have an opportunity to hear from our colleagues on such an important issue.

But I do put a couple of questions. If the peace process were to disintegrate today, what would be the result? Is it possible to return to the preaccord status?

This peace process, like this legislation, is far from perfect; but there is no turning the clock back to, nor would anyone want to bring back, the Intifada.

Any fair-minded person has to concede that we are better off in the peace process today than we were 5, 3, or even 2 years ago or even a year ago before the Oslo Agreement was signed.

Our objective should be how to make the process better, not to how to allow fringe groups to kill it by saying we are making it better.

There are those who say we want peace, but we are placing such demands as to undermine the sincerity of such statements. What we hear from some of these groups is so uncompromising as to betray their true motives and undermine any claims that they make that they truly want peace.

Most of us know Prime Minister Rabin, and I know his history. He is not some naive dove who is going to sell out his country to the likes of Yasir Arafat. He is a tough and proven warrior and a tried and tested political leader.

I must say I have much more faith in his political judgment about the current situation between the Israelis and Palestinians and making peace with the Palestinians than I do with many of the persons who stop by my office to complain about the process.

I believe that we are holding these hearings today because partisan Israelis political pressures are spilling over into the United States political agenda. And I believe that Israeli domestic politics have no place in the U.S. Congress.

And I just want to say very clearly that I am shocked and appalled at the blatant and disruptive lobbying that opponents of the peace process, including persons who used to represent the Government of Israel in Washington, are carrying out in the U.S. Congress.

We in America have a long-standing principle that politics stops at the water's edge. How would we feel if top officials of a former administration, such as the White House Chief of Staff, would go to the capitals of our closest allies to lobby them to adopt legislation and pass laws that would hobble the conduct of American policy, especially policy which is vital to our national security?

We would be absolutely appalled. It is really beyond our comprehension. I am all for free speech and the democratic process, but I am disgusted by the attempts by opposition parties in Israel to manipulate the sincere concerns of many American jews in order to further their own political agenda.

I thank the Chair.

Chairman GILMAN. Thank you, Mr. Hastings.

We will now proceed with our congressional panel. I thank our colleagues for taking the time to join us.

Mr. Gejdenson.

STATEMENT OF HON. SAM GEJDENSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT, ACCOMPANIED BY HON. DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA; HON. TOM LANTOS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA; HON. MICHAEL FORBES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK; HON. JAMES SAXTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY; HON. PETER DEUTSCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA; AND HON. ELIOT ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

STATEMENT OF SAM GEJDENSON

Mr. GEJDENSON. Thank you, Mr. Chairman.

I want to first commend my colleague from Florida for his statement. Those of us who have spent some time watching the developments in the Middle East can remember the critics of the Camp David process. And even after peace was achieved, there were those who continued to criticize the quality of the peace.

But, indeed, it is that peace, the peace that began at the Camp David process, that has enabled this administration to take the next step in the process.

And it really has been the position of the American people, throughout the history of this country, to support the peace process in the Middle East. From Harry Truman's courageous act in recognizing the State of Israel to Bill Clinton and his efforts at bringing Palestinians and Israelis together, the American Congress and the American people have stood with their Presidents on this issue.

President Carter's Camp David accord, as I have said before, had many of its critics during the process and afterwards. With some history behind us now, we can see how critical that process at Camp David was to developing what we have seen in the last year, that memorable handshake at the U.S. Capitol between Prime Minister Rabin and Mr. Arafat, and with President Clinton at the White House.

The Israeli peace agreement with Jordan has taken the peace process a major step forward, really the longest border that Israel shares with another country.

There is now serious discussions ongoing with the Syrians.

And for the millennium that there has been conflict in the Middle East, we now have the first real opportunity to see peace, and a lasting peace, for the people of that region.

The cost of not pursuing the peace process has risen exponentially in recent years. In the past, we had to worry about a hand grenade, a sniper, a shotgun in the crowd. Today, chemical and biological weapons, nuclear weapons, put the entire populace of the region into continuous and every-growing danger.

Without the Palestinian peace with the Israelis, there could not have been the progress that has already occurred with the governments that Israel has now made agreements with, the Jordanians, and with the talks going on with the Syrians.

There is always, in human nature, a resistance to moving past the status quo. There is that feeling that if you can just hold onto

the present situation, it may be safer. That certainly is not what history has taught us about the Soviet Union. It is not what it taught us about the history of Yugoslavia. Strong military governments, dictatorships, held those countries together and did not resolve the underlying tensions; and today there is no mailing address for the Soviet Union. There is none for Yugoslavia. Their people live in pain and in torture.

We have seen the very difficult situations, without any question. And there are still challenges to be met. But those challenges have been dealt with by an able Israeli Government meeting directly with the Palestinians.

The reference to the language in the Palestinian Charter is dealt with by Mr. Rabin's agreement and the Israeli Government's agreement with the Palestinians. It says after elections, within 2 months of those elections, they will remove that defensive language.

Some people argue that the PLO and Mr. Arafat are not good managers. It would leave you with the sense that if you got one of the big accounting firms to move into the West Bank and Gaza tomorrow, that somehow the situation would be better.

I think there are no better players at this date to bring the two sides together to try to resolve the issues that are still outstanding.

The pain that continues affects all of us. Within recent months, a woman from Connecticut lost her life to a terrorist incident. And the terrorists' violence continues.

And while the incidents have been reduced, sadly the number of people who have died has increased as a result of larger killings in several of the incidents. But we do now have the Palestinians and the Israelis working together to try to reduce the violence.

There has been, also, a surge, a surge by those who would want to see the peace process disrupted. The last gasp by Hamas and other extremists, who would like to, if they could, kill enough on both sides to have the countries lose their resolve, have the Israelis and the Palestinians lose their resolve in this peace process.

For the children of the region, for the grandparents of the region, for the people of the region, it is our responsibility to provide every possible assistance to move forward in this peace process. There is no peace process that is an easy one, clearly not in an area with a history as it exists in the Middle East.

But to give in to Hamas and the Islamic Jihad and other fundamentalist organizations who would like to go back to confrontation and war and who would want to avoid a lasting peace agreement between Palestinians, Israelis, and others in the region, is a mistake.

Is this process perfect? No. But it is the best process before us.

I have heard from the opposition in Israel. Their opposition is to the present policy. They have no alternative policy. And it is impossible to turn the clock back.

I believe we need to support the President, and we need to support the Israeli Government and the leadership of the Palestinians that are taking the tough road, taking the losses and the casualties, putting the effort in to move forward in that peace process.

From the safety and security of our seats here in the Capitol, from the security and the lack of threats that we face, we have to

be very careful as we interfere in a process that may bring peace to the Middle East for the first time in the millennium.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Mr. Burton had made a prior request, since he is on a markup, to go at the earliest possible time.

So with the indulgence of our colleagues, we will call on Mr. Burton next.

Mr. Burton.

STATEMENT OF HON. DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. BURTON. Thank you, very much, Mr. Chairman. And I want to thank you very much for having this hearing. I think it is very timely and very important.

I do not think anybody is against the peace process, in Israel or here in the United States. I think we all want to see peace brought to the Middle East, to Israel, to the entire region.

The problem is what kind of land mines or risks are involved in the current process in the way we approach it?

I remember back in the early 1980's when Ronald Reagan asked me and you and many other members of the Foreign Affairs Committee to support putting troops in Beirut as a peacekeeping force. And we all said, well, he is our President, our Commander in Chief, he knows best. And we went ahead and allowed several hundred Marines to be placed in Beirut; and a terrorist bomber, with a truckload of dynamite, drove through a very loose barricade and blew up the headquarters and killed over 230 Marines.

It was a tragic day for the United States and, I think, for the entire world.

Now we are talking about such things as putting American troops on the Golan Heights as an intermediary or peacekeeping force to make sure that a long-term peace agreement between Israel and Syria will survive, will last.

And I want you to know that I have great reservations about that kind of a policy, and I think anyone who really thinks about it should have reservations.

First of all, even though the peace process has been going forward between the PLO and the Israeli Government, the fact remains that there have been terrorist bombings at bus stops, on buses, at various locations in Israel. And those who oppose the peace process are not going to stop.

And for the United States to put American troops in harm's way, when it is not really in our national interest, is a terrible, terrible mistake. And I can see the same thing happening on the Golan Heights with a Hezbollah terrorist or a Hamas terrorist blowing up a bunch of American troops, who are sitting ducks over there, that just like that which happened back in the early 1980's in Beirut.

Now I have expressed my concern to Shimon Peres. I do not take a back seat to anybody in this Congress in my support of Israel. Since the day I arrived in Congress, I have been a supporter of Israel, I have voted for support for Israel, and I will continue to.

But I can tell you that I truly believe if we put our troops in harm's way and some of them get killed, there is going to be a hue

and cry in this country from the American people to curtail foreign aid, and it will hurt our relationship with Israel. And I do not think that that need occur.

But there are those who continue to say that we must do this in order to further the peace process. If everything had been working as we wanted it to and there had been no terrorist attacks, I would say, well maybe that is something worth looking at. But today and every single day we know terrorism still exists on the West Bank, in Jerusalem itself, and in other parts of Israel; and I just cannot see the logic of it.

And so I would once again say, if Mr. Peres was here, or Mr. Rabin, I think you are making a terrible mistake; and I think our administration here in Washington is making a terrible mistake if we get into a quagmire that is going to involve American troops being placed on the Golan Heights.

The Syrian military and the Israeli military are strong. The Israeli military and the Syrian military and the Israeli Government can work out an agreement where they can put a dividing line between them that will make sure that peace survives on the Golan Heights without American troops being placed there.

If any troops are going to be placed there, they should be a multinational force and not American troops. They should be under the auspices of some other agency.

Now, let me just talk real briefly about the PLO. The PLO, until just the last few years, has been considered a terrorist state by the U.S. Government. They have been listed year after year after year by the State Department as a terrorist state.

Now, Yasir Arafat and the Government of Israel have signed an accord. And we all applaud that. I watched with great admiration and respect when I saw the leaders of Israel and Yasir Arafat shake hands at the White House. I said, my gosh, maybe the millennium has come and we are going to see peace over there. So I think we all applauded that.

But there still are major problems in the West Bank. And the PLO still has not been able to contain or control those terrorists that are perpetrating these attacks on various parts of Israel.

And because of that, I think we should think long and hard before we give large sums of American taxpayers' dollars to the PLO while this kind of a problem exists.

In addition to that, and this is very important, Mr. Chairman—British intelligence has told us that the PLO has up to $8 billion in foreign banks, in Switzerland and elsewhere, $8 billion.

And for the United States to give them $500 million over the next 5 years at a time when they simply do not need those resources makes absolutely no sense to me.

The fact of the matter is we were under severe budgetary constraints here in the Congress of the United States. We are trying to balance our Federal budget. The American people just do not like foreign aid in any form. And those of us who support some foreign aid for our allies in important causes around the world are subject to criticism on a regular basis.

How do we defend giving the PLO $500 million over the next 5 years when they have $8 billion in the bank?

I just do not see how you can justify that, especially with the problems we are having fiscally here at home.

And some people say, well, they do not have $8 billion. The GAO, as I understand it, has looked into this; and they do not refute what British intelligence has told us. So we must go under the assumption that they do have $8 billion.

And so I would just like to say in closing, Mr. Chairman, thank you, once again for having this hearing. I think it is timely and very, very important. And I would like to urge, urge the Congress of the United States and the President not to put our troops on the Golan Heights.

Support the peace process. We should do that. We should support every avenue and make sure every avenue is explored. But do not put our troops in harm's way like we did in the early 1980's in Beirut, because I believe we will reap the whirlwind and a lot of them will be killed, that is No. 1; and, finally, No. 2, I do not believe at this time we should be giving $500 million to the PLO when they have adequate resources to do the job that they want to have done.

And that does not mean in any way that I oppose the peace process. I strongly support it. And my predecessor at this microphone said that we were taking one side or the other in the governmental conflict in Israel. I do not believe Likud and I do not believe Labor are against the peace process. They just have different approaches to solving this problem.

And so with that, Mr. Chairman, thank you once again. I appreciate you putting me on the schedule early so I could get to the floor.

[The prepared statement of Mr. Burton appears in the appendix.]

Chairman GILMAN. Thank you, Mr. Burton.

I am going to ask our panelists, if they would, stay as long as you can so that our colleagues may be able to ask questions of you.

Mr. BURTON. Mr. Chairman, may I submit the rest of my statement for the record?

Chairman GILMAN. Yes, your statement will be accepted for the record without objection.

Mr. Lantos.

STATEMENT OF HON. TOM LANTOS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. LANTOS. Thank you very much, Mr. Chairman. I want to commend you for holding this hearing and for your long-standing leadership on this issue.

Mr. Chairman, I would like to begin by setting the framework for my testimony. As you and some of my colleagues know, I am the only survivor of the Holocaust ever elected to Congress, and I take the subject of Israel's safety and future extremely seriously.

I have visited Israel on more than four dozen occasions beginning with 1956. And during my most recent visit, I had the opportunity for long, private meetings in the region with Mr. Asad, Mr. Arafat, Mr. Mubarak, the Jordanian and Saudi leadership, the Sultan of Oman, and of course the Israeli leadership on both sides of the political fence.

So I speak as a friend of Israel. But I want to approach this subject from the vantage point, which is the only proper vantage point

for us; namely, the United States foreign policy and national security interests.

I stipulate at the outset, Mr. Chairman, that the criticisms that we have heard and the criticisms that we will hear concerning Mr. Arafat, the PLO, and others are most likely to be fully accurate. It is very difficult not to recognize the enormous shortcomings of the PLO side in this development.

Having said that, however, I find it inconceivable and mindboggling that serious people would take the position of opposition to the peace process. The peace process has already brought enormous benefits. The peace with Jordan is a major breakthrough. Relinquishing control over Gaza has been an enormous benefit to the State of Israel. Subsidiary benefits of establishing diplomatic and commercial and economic relations with a tremendous range of countries across the globe as a result of the peace process can be invaluable in the future and are immeasurably helpful to date.

The peace process, Mr. Chairman, must continue. It is easy at a time when we are looking at the past to conclude that it is inconceivable to move in the direction of peace.

Germany and France had warfare stretching over generations, culminating in the most horrendous war of history in the Second World War. Yet Germany and France today are fully integrated politically, economically, culturally, and socially.

I have no such illusions with respect to the Middle East. It will take many generations before comparable developments can emerge.

But it is self-evident that the leadership of the State of Israel, represented by Mr. Rabin—who has devoted a lifetime, a lifetime to the protection and building of his country—is fully conscious of all the dangers, all of the problems and all of the difficulties that lie along the way of the process of the peace negotiations.

If there is anything I find objectionable—because I presume everybody coming to this table comes with good intentions—it is the virulent attacks against individuals who have devoted a lifetime to building the State of Israel and to making it safe and secure.

I have never hesitated to take a position contrary to this administration. I have taken a position contrary to this administration on a broad range of issues ranging from NAFTA to my resolution passed by the Congress unanimously of issuing a visa to the President of Taiwan.

But I must say that in this case, the Clinton administration is pursuing the right policy, the only rational policy, the only policy which is in the interests of the United States, in the interests of the State of Israel, and all elements in the Middle East that are committed to a constructive and peaceful development.

And I want to conclude by giving my full and unqualified support to the administration in its pursuit of supporting the peace process.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Lantos.

Mr. Forbes.

STATEMENT OF HON. MICHAEL FORBES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. FORBES. Mr. Chairman, thank you very much for this opportunity.

Before I begin my testimony, I would like the opportunity to ask the committee's indulgence to revise and extend my remarks.

And given the shortness in which we were able to pull together testimony for this hearing, if the committee would indulge us and allow the record to remain open for 14 days to include additional materials, I would be most appreciative.

Chairman GILMAN. Without objection.

Mr. FORBES. Thank you.

Mr. Chairman, thank you very much for allowing me this opportunity today to address this committee; and I certainly know of the chairman's and many members of this committee's stalwart support for Israel and for a stable and lasting peace in the Middle East, no question about it.

I would like to be aligned with my colleagues who believe, I think unanimously, that none of us wants to see this peace process broken apart whatsoever. As a matter of fact I think that we certainly embrace the efforts to build for a lasting peace in the Middle East.

As many of you know, I have had an intense interest in the Middle East for many years, and I am certainly a staunch supporter of our ally, Israel.

Mr. Chairman, I, like so many other Americans, was encouraged 2 years ago with the signing of the Oslo accords. The long struggle for peace in this troubled region was certainly a breakthrough; and despite a lifetime of mistrust of the PLO and the revulsion toward too many of their terrorists tactics, I originally supported the Clinton administration's promise of United States assistance to the Palestinians.

But, Mr. Chairman, most of us were under the impression that the PLO would, indeed, make an effort to meet at least a minimum standard of behavior before aid would start flowing.

Unfortunately, I am compelled to be here today because I do not believe that this has been the case.

A minimum standard should be the tenets of the Oslo accords themselves in which the PLO did make a number of pledges, none of which has been met.

It is an open secret that the PLO is systematically violating the accords, Mr. Chairman and members of this committee; yet, U.S. taxpayer money continues to flow, much of it directly to Arafat and his cronies. And I would like to reference and include in the committee hearing record an article by the syndicated columnist Cal Thomas.

[The article follows:]

Arafat Is Putting One Over on the Israelis

Cal Thomas

AS ISRAEL celebrates the 3,000th anniversary of King David's ascension to the throne in Jerusalem, the Labor government of Prime Minister Yitzhak Rabin is pursuing a course that will ensure neither Jerusalem nor Israel observes many more such occasions.

The signing of an accord granting self-rule to Palestinians in the West Bank is an important step in the Palestine Liberation Organization's "phased plan" for eventual conquest and occupation of all Israel, including Jerusalem.

Defeated five times on the battlefield and unsuccessful in gaining their objectives through terrorism, the PLO and other Arab extremists are reaching their goals at the bargaining table, using "peace at any price" sentiments in the West and ignorance about Islamic history and religion to sucker Israel and Bill Clinton's administration into a pact that will destroy the Jewish state.

In return for relinquishing land it has occupied for 28 years to guard its own security, and in exchange for "peace," Israel has asked for the PLO's assurance it will live up to the agreement forged in Oslo, Norway. Israelis get that assurance when Yasser Arafat speaks to them in reasonable diplomatic language. But when Arafat speaks to his own people, he reveals his true intentions.

In the past two months, Arafat has repeatedly spoken of the unfinished business ahead. At a University of Al Azhar gathering in Cairo, Aug. 6, Arafat's birthday and the birthdate of his daughter, the PLO leader said, "We are going through a critical and decisive stage in which we are commanded to exert every effort . . . to reach our ultimate goal: Jerusalem." He called for the Palestinian flag "to fly over the walls of Jerusalem, its mosques and its churches. All of us shall pray in Jerusalem whether anyone likes it or not."

Arafat likened the Oslo agreement to a pact made in the 7th Century between the Prophet Mohammed and the Koreish tribe, which Mohammed kept for 10 years and then violated when it suited his purposes. In his speeches, Arafat identifies himself with Mohammed, suggesting that, like the Prophet, he intends to do the same thing with any agreements he signs.

In Gaza last May, Arafat said, "Bless your struggle and your Jihad on this land . . . We are all on the way to dying a hero's death on the way to Jerusalem, capital of the State of Palestine and no other state." The same month, in a speech read for him by the Palestinian Authority's minister of justice, Freih Abu Middein, Arafat said, "I say once more that Israel shall remain the principal enemy of the Palestinian people."

Arafat consistently and passionately calls for "jihad, through deaths and martyrdom and sacrifices." He praises the terrorist acts of the Hamas "brothers," whose violence against civilians is not a radical response to the "peace process," but a part of Arafat's phased campaign to retake Israel and expel the Jewish people.

The truth about Arafat's intentions is not found in the soothing words he speaks but what he says to his own people. Apologists in Jerusalem and the West, including much of the Israeli media, ignore Arafat's flagrant violations of the Oslo-Cairo accords — a preview of coming attractions for Israel.

They include his failures to: prevent and combat terrorism (occasional staged responses notwithstanding); expel terrorist factions from the PLO; extradite terrorists wanted in Israel; effectively denounce anti-Israeli violence; refrain from hostile propaganda against Israel, and change the PLO Covenant calling for Jerusalem's destruction.

The ancient Hebrew scriptures exhort us to "pray for the peace of Jerusalem." But the document expected to be signed in another misbegotten White House cere.mony is not an answer to such prayers. This agreement will mean hell to pay for Israel, perhaps not immediately, but ultimately.

Cal Thomas is a syndicated columnist based in Washington.

Mr. FORBES. I cannot explain to my constituents, and I certainly have trouble watching as an unrepentant enemy of Israel gets built up with taxpayer money and continues to pose a potential threat to our ally.

Thus I, along with my distinguished colleagues, Tom DeLay, Jim Saxton, Cliff Stearns, Rob Andrews, and several others have introduced H.R. 1960, the Middle East Peace Compliance Act, which has been introduced in the U.S. Senate by Senator D'Amato as S. 915.

H.R. 1960 would suspend all aid to the Palestinians until they, in fact, do comply with the provisions of the Oslo accords.

Among other items, Mr. Chairman, this would require that the PLO amended its charter to delete the provisions calling for the destruction of Israel; they must cease support for terrorist organizations, such as Hamas and Islamic Jihad; prosecute terrorists fully; and cease support for the arms struggle against Israel.

These are base components so necessary to any lasting peace in the Middle East.

If I might, Mr. Chairman, let me make clear that compliance would still not allow for money to be channeled directly to the PLO or any of their affiliates.

I think it is clear that our experience with government-to-government aid around the world has not been a good one, and the evidence that the PLO has diverted and misused our funds is certainly quite strong.

On that topic, I would submit for the record an August 14 article that was in Insight magazine which documents these diversions of U.S. aid citing internal PLO documents and, as Mr. Burton previously referred, British intelligence reports.

[The article follows:]

World: Mideast

PLO Misuses U.S. Dollars

By Jamie Dettmer

Secret documents reveal that the PLO chairman has redirected millions in international funds.

Evidence that Palestine Liberation Organization Chairman Yasser Arafat allegedly has used millions of dollars in international and U.S. aid to fund clandestine political operations in Israel has been obtained by Insight.

Copies of Palestinian Authority correspondence show that PECDAR, the Palestinian Economic Council for Development and Reconstruction, a body almost completely funded by international donors including the United States, has apparently on the instructions of Arafat secretly purchased large amounts of real estate in Jerusalem in a bid to strengthen Palestinian claims to the city.

The documents also purport to show that PECDAR funds have been used to reward Arafat's cronies and relatives, including his mother-in-law, and they indicate that Arafat, president of the new Palestinian Authority in Gaza and the West Bank, has been determined to use international aid to strengthen political allies at the expense of Palestinians who are not members of his al-Fatah faction of the PLO.

The United States donated $100 million last fall to the Palestinian Authority on the understanding that the money would be used only to develop the economies of the squalid Gaza and West Bank. Republicans in Congress are expressing alarm at the increasing reports of Arafat's misuse of international donations.

Rep. Jim Saxton, a New Jersey Republican who has secured his own copies of PECDAR correspondence, condemns Arafat's diversion of aid from the United States and the European Union to "projects in direct violation of the peace agreements" with Israel. Saxton is seeking a freeze on further U.S. donations to the fledgling Palestinian regime — nearly $500 million has been earmarked by the Clinton administration, with $100 million to go by Aug. 15. "I believe that before we spend another dollar on aid to the PLO, we need certain questions answered — namely, how much of our aid money is being used to advance the condition of the Palestinians and how much is being used to fund the pet projects of Arafat?" says Saxton.

Sen. Alfonse D'Amato and Rep. Michael Forbes, both New York Republicans, have introduced legislation that would cut off further U.S. foreign aid unless certain stringent conditions are met.

Rep. Benjamin Gilman, a New York Republican and chairman of the House International Relations Committee, also has cast doubt on whether the PLO, which governs the Palestinian Authority, needs massive international aid. Prompted by a British intelligence assessment that the PLO has assets worth $8 billion to $10 billion and annual revenues of up to $2 billion, Gilman last May requested a General Accounting Office analysis of PLO finances. The GAO report was completed in June, but in a highly unusual move the CIA insisted that the document be classified. U.S. intelligence sources tell **Insight** that the analysis basically confirms the British findings. Gilman has written to the GAO comptroller general demanding that the report be published.

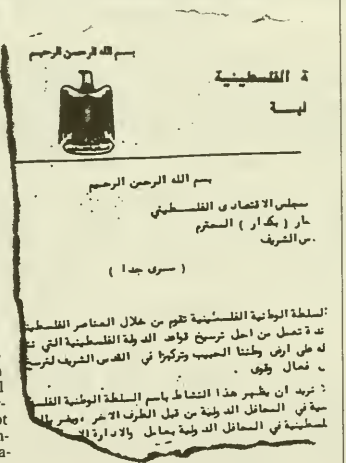
The internal documents of the Palestinian Authority secured by **Insight** consist of correspondence between Arafat's minister of finance, Muhammad Zuhdi Alnashashibi, and the PECDAR chairman. The letters were written last summer and fall, after the international aid started to flow.

One letter from Alnashashibi which, like all the others, is marked "Top Secret" and "Not to be Read without the Permission of the President," lists building a PLO presence in "holy Jerusalem" as a high priority and informs the PECDAR chairman that Arafat wants to set up a land corporation there with an initial capital outlay of $15 million. The corporation's activities must not be traced back to the Palestinian Authority, cautions Alnashashibi. He writes: "We stress that it is the desire of the comrade leader Abu Amar [Arafat] that the meetings of this group should be held secretly and its activities should not be noticed and it should keep its documents and registries away from the other party [Israel]."

PECDAR correspondence also shows that $20 million was funneled secretly to fund covert political activities inside Israel, including the financing of political parties and re-equipping a Palestinian newspaper, the *Journal of the Return*. A further $12 million was allocated on the orders of Arafat for purchasing apartments in Jerusalem. These were to be given to Arafat's al-Fatah loyalists.

Throughout the correspondence Alnashashibi stresses the importance of keeping money transfers secret; the PECDAR chairman is keen to reassure his boss on that front. In one letter, the finance minister warns, "The activities should not be noticed by the public and they should be far and away from journalists and statesmen." The PECDAR chairman writes: "The method of transfer of the amount is sophisticated and convincing. The other party [Israel] will never be able to discover the way and method whereby the transfer is effected."

The documents also show that Arafat would like all PECDAR-financed enterprises to be staffed with "the faithful and reliable elements from among the cadre of Fatah." •


بسم الله الرحمن الرحيم

بسم الله الرحمن الرحيم

(سري جدا)

Correspondence indicates *that Arafat is cheating.*

Mr. FORBES. While some people might dispute these accusations, Mr. Chairman, what is indisputable is that the PLO has kept virtually none of the promises that it made in the Oslo accords.

To my mind, it is nothing short of scandalous that U.S. taxpayer moneys would continue to flow to Arafat and his anti-Israel allies under these circumstances.

The administration insists on sweeping all of this, it seems, under the rug, most blatantly by classifying the recent GAO report that reportedly confirms some of our worst fears about PLO behavior. I would ask that the committee press for an immediate release of this document.

Therefore, Mr. Chairman, it devolves to us in Congress to stand up on behalf of the American taxpayer and our Israel friends. Enough truly is enough. The PLO must live by some of these rules if it wants to join the international community and receive American taxpayer support to build its infrastructure and to help build a lasting peace in the Middle East.

I would respectfully request, Mr. Chairman, that the committee give H.R. 1960 its full consideration.

I thank the committee and, Mr. Chairman, yourself for your indulgence.

Chairman GILMAN. Thank you, Mr. Forbes, for your statement. Mr. Saxton.

STATEMENT OF HON. JAMES SAXTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. SAXTON. Mr. Chairman, along with the other members who have appeared this morning, I want to thank you for giving us the opportunity to conduct this public dialog on the objective and goal that we all share; and, of course, that is a true and lasting peace.

As I sat and listened to my good friend Mr. Lantos' testimony here this morning, my mind went back a year or so to a time when Mr. Lantos and I and, I think, you, Mr. Chairman, and probably Mr. Deutsch, and others had the opportunity to have lunch with President Mubarak of Egypt. And we discussed at great length at that luncheon, as you will remember, the peace process; and he put it in a very different context than I had thought of before.

He put it in the context—he used an example, a metaphor, I guess, and said that the peace process is like a giant rolling stone and that it started rolling many years ago and that sometimes it rolls fast and sometimes it rolls slow. We went through Camp David, and we have been through bad times; and with the signing of the peace accords by Mr. Arafat and Prime Minister Rabin, it was thought that this was a good time and that the stone was rolling faster.

So the question to Mr. Mubarak—and I think this is an excellent perspective within which we can deal with it is—is that the peace process is moving forward. Sometimes we like it, sometimes we do not. It has problems with it, but it will move forward. And it is all of our responsibilities to see that it does so in the most expeditious way so that we arrive at our final objective; and that, of course, is a true and lasting peace for all of the parties in the Middle East, which is also, I might note—needless to say to you, Mr. Chairman,

and the other members of this committee—very much in our national interest to share in that objective.

And so with that perspective, I think it is fair to say, make no mistake about it, there are going to be good times and bad. And that when we recognize bad times and things that are not going correctly to keep that stone moving at an adequate pace, that it seems to me that inasmuch as we have chosen to be, as a country, involved in this process, it is our responsibility not to look the other way when things go wrong, but quite to the contrary to try to help smooth the road and to keep the process moving in the right direction so that we do achieve our ultimate objective.

This is not an emotional issue as some would make it, or it should not be, at least. And it is an issue where we should recognize that those people who make this process work are the people who are mostly in the middle. In other words, they are not the radical forces of the Palestinian movement and the Hamas movement and the Islamic Jihad movement.

And, on the other hand, it is not the far right folks who would have the process stopped, if there are such folks. It is the people in the middle. Those are the people that we have to deal with.

And I might say that all sides of this process have a responsibility or a set of responsibilities. The Israelis have responsibilities. And, of course, the Palestinians, Mr. Arafat, and the PLO have responsibilities.

And the question is: When are those responsibilities met? And when are they not?

And I think there are two very basic questions that we need to ask ourselves and look at in terms of evaluating where we are currently in the process.

One question is: What has happened to the money that we have sent to the PLO? Has it been used according to the provisions of the accords? Or has it not?

And the second question is: Has the PLO lived up to the commitments so far—maybe I should not say the PLO—have the parties to the accord lived up to the commitments that they made in signing those papers?

The first question, I think, begs an answer which all of us have tried to look at as the process has moved forward.

And of course, I guess it is also important to say here that when the accords were signed and the PLO was promised a certain amount of money from the American coffers that it was to be used for a specific purpose and that was to help the Palestinian people increase their lot collectively so that they would have a better lifestyle.

And I think that it is fair to say that there has been ample evidence that has emerged that says that that is, perhaps, not the case.

Chairman GILMAN. The gentleman's time has almost ended. Would the gentleman try to wind up?

Mr. SAXTON. I will certainly try to wrap this up quickly.

We know that through certain papers that were obtained from the Palestinian Economic Council for Development Reconstruction that—and I will submit those papers for the record, Mr. Chairman, so that I do not need to talk about them.

Chairman GILMAN. Without objection.

[Information not submitted.]

Mr. SAXTON [continuing]. That has not been the case, that moneys have been diverted for purposes unintended.

And we also know that the PLO has failed, in many instances, to live up to the commitments they have made vis-a-vis terrorism and other issues that are related to that.

So, yes, I have cosponsored Mr. Forbes' bill; and I have also cosponsored a bill by Mr. Engel. And I hope that the committee will take seriously those efforts and provide some kind of legislation to help us through what I view is a bad time in this process.

[The prepared statement of Mr. Saxton appears in the appendix.]

Chairman GILMAN. We thank the gentleman for taking the time to appear.

Mr. Deutsch.

STATEMENT OF HON. PETER DEUTSCH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DEUTSCH. Thank you, Mr. Chairman. And I appreciate the opportunity to be here to testify and also to be back at the International Relations Committee.

I also would ask, without objection, that a statement that I have be submitted for the record so I can summarize that statement.

Chairman GILMAN. Without objection.

Mr. DEUTSCH. And I would also ask that—a number of video tapes and transcripts of the video tapes, which I will talk about in a couple of minutes, could also be submitted to the record?

Chairman GILMAN. Without objection.

If you will please, though, identify the tapes, the date, and place, et cetera.

[The material follows:]

B

[1]
Speeches of Yassir Arafat
in Gaza: June-July, 1995
[2]
For Peace Education, Ltd
tel 03-695-6868
fax 03-695-0132
[3]
eulogy given by Arafat
on june 15, 1995
[4]
for Abd Al Karim
Al Aqluq
[5]
the head of
PLO censorship division
[6]
one of the veterans
of the Fatah on the fortieth day
[7]
since his death
Gaza 19.6.95
[8]
Yassir Arafat,
[9]
a ceremony was held this evening
at University Al Azhar in Gaza
[10]
to mark the 40th day of
the death of the heroic fighter
[11]
Abd Al Karim
Al Aqluq
[12]
the man who headed
the censorship office
[13]
at the Palestine National
Authority.
[14]
President Arafat delivered
a eulogy in which he said:
[15]
we are all seekers of martyrdom
in the path of truth and right
[16]
toward Jerusalem the capital
of the State of Palestine.
[17]
the president added:
the commitment stands
[18]
and the oath is firm to continue
this long and ardous jihad
[19]
in the path of martyrdom
the path of sacrifices,
[20]

victory & glory, not only
for our palestinian people
[21]
but for our entire Arab
and Islamic nation,
[22]
until a Palestinian child
shall raise the Palestinian flag
[23]
over the walls of Jerusalem
her mosques and churches.
[24]
"in the name of Allah
the all-merciful"
[25]
Allah has acquired from the
believers
[26]
their souls & posessions,
for they will have paradise"
[27]
my sister, Um-Al-Abd
[28]
my brother, my comrades in this
long road,
[29]
verily we all are in the
quest of the martyrdom,
[30]
in the path of truth & right
the path of this sacred cause,
[31]
the path of jerusalem the capital
of the state of Palestine.
[32]
yes, my brothers, the dowry
of Palestine is high
[33]
and this people
is a people of giants.
[34]
Allah the exalted and almighty
has granted this nation his grace
[35]
as it says (in Quran),
"and they will stand
[36]
on the frontlines until
the judgement day"
[37]
words are too few here
in the spirit
[38]
except for the fundamental
commitment
[39]
that commitment and oath
that we have all made:

[40]
the commitment still stands
and the oath is firm
[41]
to continue this difficult
Jihad, in this long Jihad,
[42]
in this arduous Jihad,
in the path of martyrs,
[43]
the path of sacrifices,
[44]
but this is a path
of victory and glory
[45]
not only for
our Palestinian people
[46]
but also for our Arab
and Islamic nation.
[47]
to Islamic women's assn
in Gaza
june 18, 1995
[48]
in which arafat praises
Abir wahidi, that murdered
Zvi Klein in 1991
[49]
and Dalal Maghribi,
who participated in the 1978
bus attack on the coastal road.
[50]
you heard from Nabil Sha'ath
[51]
he spoke with Shachal,
the minister of police
[52]
about the sisters
(who are still prisoner women)
[53]
and among them Abir Wahidi.
[54]
Shachal said: Abir? She is
the most dangerous of them all -
[55]
a real man even more
than men, because
[56]
we will not forget how she led
the attack with her machine gun.
[57]
and truthfully don't forget
that she is the military commander
[58]
of the central region.
[59]
that is Abir Wahidi.

[60]
Dalal Magribi, the commander,
the star from among the heroes
[61]
who carried out the landing
operation on the coast.
[62]
she was the commander
of the squad that pioneered
[63]
the first Palestinian republic
[64]
on that bus!! On that bus!!
[65]
This is the Palestinian Woman,
with all its meanings
[66]
and implications. The woman
that we are proud of and take pride
[67]
in and compete with her glory
with other nations
[68]
and people of the world.
[69]
at the "Popular Struggle Front"
(APLO faction)
[70]
on the occaision
of its 28th anniversary.
June 19, 1995
[71]
together with us
[72]
Also to our true martyrs
and to our prisoners
[73]
and to our wounded.
[74]
Our commitment stands
and our oath is firm
[75]
to continue in this path
despite trials and tribulations
[76]
and diasters,
[77]
until a Palestinian boy
or Palestinian girl
[78]
those whom I called
the "new generals"
[79]
that is how we called them?
And why??
[80]
because they have defeated the
Israeli generals in seven years.

[81]
until the Palestinian boy or
Palestinian girl will
[82]
truly wave the Palestinian flag
on the walls of Jerusalem
[83]
on her mosques
and her churches.
[84]
They see it as distant
and we see it as imminent,
[85]
and verily
we are right.
[86]
"and they will enter
the mosque (Al Aqsa)
[87]
"and they will enter
the mosque (Al Aqsa)
[88]
as they have entered it the
first time" (quoting the Quran)
[89]
"Allah, Allah will not break
his promise"
[90]
will not break
his promise
[91]
that promise that was given
to us, God willing
[92]
that Jerusalem is the capital
of the Palestinian state
[93]
whether someone likes it
or not
[94]
and as far as those
who do not like it
[95]
they can drink
from the waters of gaza...
[96]
if any of you have reservations
about the oslo accord
[97]
I have a thousand reservations
with the Oslo accord.
[98]
I know that the road has been
long and hard, my brothers,
[99]
but I say to our prisoners,
[100]
and especially to their prince,

Sheik Ahmad Yasin
[101]
I am saying this,
my friends
[102]
the late mayor of nazareth
Taufiq Ziyad
[103]
that was given at
Al Azhar University
on July 16, 1995
[104]
yes the holy Palestinian stone
[105]
with the holy Palestinian stone
seven years, seven years,
[106]
blessings, seven years, Intifada
seven years, Intifada,
[107]
the Palestinian general
was victorious,
[108]
the Palestinian general
was victorious,
[109]
the Palestinian generals,
the Palestinian generaals,
[110]
they beat
the Israeli generals!!!!
[111]
and when, my brothers,
when?
[112]
After what? After they thought
that they had finished
[113]
with the Palestine
Liberation Organization.
[114]
and after what my brothers?
[115]
after the siege of Beirut,
and after the first massacre
[116]
at Shatila (committed)
by Sharon
[117]
and after the second Shatilla
massacre
[118]
(committed) by
other Sharons
[119]
my brothers. Yes my brothers.
[120]
They thought that they

had finished
[121]
with the palestinian
revolution.
[122]
and truly, my brothers.
You have given them the answer.
[123]
therefore, when we say Intifada
[124]
it is not from 1967 if we want
to set the date straight,
[125]
rather, it began in 1986.
[126]
and for those who claim
that they pioneered the Intifada
[127]
no, those who began
the Intifada were
[128]
the sons and daughters
of the Fatah, brothers.
[129]
I want to remind you,
my brothers,
[130]
and I remind you my brothers
and I rememember it well,
[131]
that at the time Rabin was
he minister of defence
[132]
and he was in Washington.
[133]
they said to him that
there is an Intifada,
[134]
there is an Intifada
and Rabin said, "what Intifada??"
[135]
"two days and I will finish
them off"
[136]
"two days, i'll come back
i'll take care of it"
[137]
I answered him:
"You'll have two days, two weeks
[138]
and two months and two years
and we are with you
[139]
and with all the time
(that you need)
[140]
and we are with you and with
all the time (that you need)

[141]
isn't that right?
[142]
O mountain, no wind will
shake thee!!
[143]
Therefore I say to you,
O' Abu Amin (Toufik Zayid)
[144]
rest in peace and quiet
with the beloved ones.
[145]
the righteous martyrs
in the high heavens
[146]
with the prophets and
the righteous and the martyrs,
[147]
Let them keep you
in friendly company,
[148]
rest in peace, Abu Amin,
rest in peace,
[149]
because we will complete
the march
[150]
I will not forget the words
that you spoke
[151]
"with my own eye lids I will
carve your path of return"
[152]
"with my eye lids I will
carve your path of return"
[153]
but he did not pave the path
with his eyelids
[154]
but he did pave the way
with his flesh and blood,
[155]
and body.
[156]
therefore I say to you
again Abu Amin
[157]
rest in peace,
[158]
because in this road, in this
road, in this road
[159]
we are marching.
[160]
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[164]
[165]

[166]

[167]

[168]

[169]

[1]
The Institute
for Peace Education Ltd.
Tel 03-695-6868
Fax 03-695-0132
[2]
Speech by Arafat at a gathering
at the University of Al Azhar
On the occasion of Arafat's
birthday and the birth
of his daughter. August 6, 1995
[3]
<tmarg450>President Arafat emphasized
that we are going through
[4]
a critical
and decisive stage
[5]
in which we are commanded
to exert every effort and sweat
[6]
and our potential in order to
reach our ultimate goal:
[7]
Jerusalem.
[8]
This message was conveyed
at a festive rally
[9]
that took place at the
Sheikh Muhammad Awad Hall
[10]
at the Al Azhar University
last night
[11]
in honor of
the President's birthday
[12]
and the occasion of the birth
of his daughter, Zahwa.
[13]
The rally was organized by the
prominent families of Rafah,
[14]
Abu Taha, Abu Asi,
Nahhal Zu'rub.
[15]
At a speech given at that
occasion, the President added
[16]
that we are "standing
on the front line
[17]
"until the Day of Judgement".
[18]
The Palestinian people have
sacrificed many sacrifices
[19]
in order for the
Palestinian flag to fly
[20]
over the walls of Jerusalem,
its mosques and its churches.
[21]
All of us shall pray
in Jerusalem,
[22]
whether anyone
likes it or not.
[23]

"The soul and the blood we shall
give for your sake, Abu Ammar"
[24]
"The soul and the blood we shall
give for your sake, Abu Ammar"
[25]
The blood of the martyrs
of the Palestinian people
[26]
that did not stop
for one moment
[27]
from his noble sacrifice
of his blood, his soul,
[28]
his money and his potential
to defend this land.
[29]
A Jerusalem tradition
has it:
[30]
"There will always be a group
within my people (The Muslims)
[31]
"that will protect the faith,
[32]
"and will go against
its enemy.
[33]
"They will not be harmed
by those hostile to them
[34]
"and they will be victorious
with the help of Allah".
[35]
It further says:
[36]
"O messenger of Allah,
[37]
"Who is this Muslim group
and where are they?"
[38]
And the prophet answered:
[39]
"In Jerusalem
and in its environs"
[40]
"In Jerusalem
and in its environs"
[41]
"And they shall be standing
on the front line
[42]
"until the Day of Judgement".
[43]
This is the grace, my brothers
that Allah has bequeathed upon us.
[44]
We are on the front lines
[45]
until the the Day
of Judgement
[46]
and it says more,
my brothers,
[47]
And to whom did the messenger
of Allah say it?
[48]
To Whom?

To his companions!
[49]
"And one martyr
from among them
[50]
"is worth seventy martyrs".
[51]
"And one martyr
from among them
[52]
is worth seventy martyrs".
[53]
Therefore my brothers
it says:
[54]
"They will stand
on the front line
[55]
until the Day
of Judgement
[56]
and we are on the front line,
my brothers.
[57]
We are the people
of the front line.
[58]
Therefore my brothers
it is not accidental,
[59]
that a hundred years ago
they said
[60]
at the (First) World Zionist
Congress in Basle:
[61]
"a land without a people
to a people without a homeland".
[62]
And when Golda Meir was asked
about the Palestinian people
[63]
she said: "Where is
the Palestinian people?
[64]
"Are there Palestinians?"
I am the Palestinian!"
[65]
Then came this agreement (Oslo)
with the good and bad in it.
[66]
And if anyone of you have
any objection to
[67]
the Oslo accord -
[68]
well, I have
a thousand objections.
[69]
But my brothers, I would like
to remind you of something.
[70]
The prophet, when he signed
the Hudaybiya accord
[71]
I want to remind you that he
wanted it to be titled:
[72]
"In the name of Allah
the All-Merciful"

[73]
but the tribe of Qoreish
said:
[74]
"Stop!
We do not agree to that".
[75]
Wasn't it so?
[76]
And it read also: "Muhammad
the messenger of Allah
[77]
But Qoreish said to him:
"Stop! Who told you
[78]
"that we recognize you
as the messenger of Allah?"
[79]
So the prophet instructed Ali:
"Erase it! Ali, erase it!"
[80]
And put instead:
"Muhammad son of Abdallah"
[81]
Omar Ibn Al Khattab
rushed to him saying:
[82]
"How can that be?
O messenger of Allah?"
[83]
And the prophet said:
"Be Quiet"!
[84]
And wrote with his noble hand:
"Muhammad son of Abdallah".
[85]
He himself erased it.
He asked them:
[86]
"Where is it written?
Muhammad the messenger of Allah?"
[87]
But you know that the
noble prophet was illiterate
[88]
He said: "Where is it written?
And they said, "Over here".
[89]
And he erased it himself.
And they wrote:
[90]
"Muhammad Son of Abdallah".
[91]
And even more so,
my brothers,
[92]
the prophet agreed that whoever
comes (from Qoreish)
[93]
to convert to Islam -
will be turned back.
[94]
And whoever reneges Islam, they
will not stand in his way.
[95]
Isn't it so,
I am only reminding you?
[96]
I am not bringing from my own,
I am just reminding you.

[97]
Omar Ibn Al Kattib
called the agreement:
[98]
"The despised agreement",
and asked:
[99]
"How can we accept such a
humiliation of our religion?"
[100]
But, my brothers,
[101]
it is all the same with
the Palestinian people.
[102]
"And they will stand
in the front line
[103]
"until the Day of Judgement."
[104]
There were days
when they said:
[105]
"There is no
Palestinian people."
[106]
"The Palestinian people
is finished."
[107]
And here is
the Palestinian people.
[108]
They remain on this land,
[109]
to fight on this land
and around this land
[110]
as it said: "And they shall
stand on the front line
[111]
"until the Day of Judgement."
[112]
The longest revolution
in the modern era
[113]
is the Palestinian
revolution.
[114]
The longest revolution,
[115]
the longest Intifada,
seven blessed years.
[116]
Isn't it so, my brothers?
[117]
Am I bringing something
of my own?
[118]
I am just sharpening
your memory. Just that.
[119]
I am saying this because we are
in the midst of negotiations now.
[120]
However,
if the Israelis think
[121]
that we have no alternatives
(to negotiations) -
[122]

by Allah (I swear)
that they are wrong.
[123]
The Palestinian people are
prepared to sacrifice
[124]
their last boy
and their last girl,
[125]
in order to wave
the Palestinian flag.
[126]
The soul and the blood
[127]
we shall give for your sake,
Abu Ammar,
[128]
so that the Palestinian
flag will wave
[129]
over the walls of Jerusalem,
its mosques and its churches.
[130]
"They see it as distant,
[131]
and we see it as imminent,
and verily we are right!"
[132]
"And they will enter
the Mosque (Al-Aqsa)
[133]
as they enterd it the
first time."(Qoran)
[134]
"And they will enter
the Mosque (Al-Aqsa)
[135]
as they did the first time".
(Qoran)
[136]
"Allah will not break
his promise".
[137]
God willing
we shall all pray
[138]
and sit in Jerusalem
like we do now.
[139]
And I say Jerusalem.
And I say Jerusalem,
[140]
whether someone
likes it or not.
[141]
Jerusalem the capital
of the State of Palestine,
[142]
whether someone
likes it or not.
[143]
And whoever
doesn't like it -
[144]
let him drink
from the sea of Gaza!
[145]
<tmarg250>Speech delivered by Arafat
at reception held in his honor
in Gaza by the Turcman Tribe

from Jenin area, July 1995.
[146]
<tmarg450>I want to tell you one thing
about this Palestinian people:
[147]
Despite their dispersion,
[148]
despite the imperialistic
attack on it,
[149]
and despite the fact that we
are fighting 100 years now,
[150]
100 years, is it not?
[151]
Since the first Zionist
Congress in Basle, in 1897,
[152]
and here we are in 1995,
[153]
that is to say that for 100 years
we are now. (fighting)
[154]
Therefore we pass the flag on
from generation to generation
[155]
so that this land will stay
Arab, Arab, Arab.
[156]
From this starting point,
we want your effort,
[157]
your knowledge, your struggle
and your Jihad
[158]
so that we can build
together this state.
[159]
My brothers,
[160]
I ask of you further
patience and perseverance
[161]
and we must not
"descend from the mountain"
[162]
(we must not stop fighting)
It is an important thing.
[163]
Still we must not (descend).
[164]
We should not act as in the
battle of Uhud
[165]
(where Muslims descended
from the mountain).
[166]
We are still in need of people
to stay at the
[167]
"top of the mountain",
Do you understand?
[168]
until we are really able
to pass over this flag
[169]
to our sons,
who are our new generals,
[170]
those whom we are so proud of.

who for 7 years carried
[171]
the Intifada, seven blessed
years and defeated and succeeded
[172]
in standing up against the
strongest army in the region,
[173]
and against
the Israeli generals.
[174]
Therefore I say to you:
Welcome!
[175]
And together as one man
unto Jerusalem, unto Jerusalem...
[176]
<tmarg200>Speech given by Arafat
at a ceremony at the concluding
program of summer camp organised
by the "Directorate of National
Guidance" of the Ministry of
Education and Culture, July 1995.
[177]
<tmarg450>"Either martyrdom ("Shahada"),
or liberation".
[178]
"Either martyrdom ("Shahada")
or liberation".
[179]
"The soul and the blood
we will give for your sake,
[180]
"Abu Ammar".
[181]
"For your sake Palestine."
"For your sake Palestine."
[182]
"The soul and the blood we'll
given for you Palestine.
[183]
"The soul and the blood we'll
give for you Palestine.
[184]
"The soul and the blood we'll
give for you Palestine.
[185]
My loved ones, I am proud of you.
I thank those who participated
[186]
in organizing these summer
camps for the Palestinian youth,
[187]
the generation of the future.
[188]
<tmarg200>The concluding ceremony of
girls summer camp organized by
the "Directorate of National
Guidance" of Palestinian Ministry
of Education and Culture.
July 1995.
[189]
On the flag and emblem of the
"Directorate of National Guidance"
appears a map of Palestine that
encompasses the State of Israel.
[190]
<tmarg450>The last item on this edition:
[191]
The "Directorate of National

Guidance" held a final ceremony
[192]
gathering at the girls camp
headquarters at Beit Hanoon
[193]
that featured various artistic
and cultural performances
[194]
in the presence of dignitaries
from the Palestinian Authority.
[195]
<tmarg250>Excerpts from one of
receptions held in honor of Arafat
in Gaza. July 1995.
[196]
<tmarg450>"Be blessed Gaza and celebrate,
O Gaza O Gaza,
[197]
for your sons are returning
after a long separation.
[198]
O Gaza, O Gaza, O Gaza
[199]
your sons are returning,
[200]
O Jaffa, O Lod, O Haifa,
O Jerusalem,
[201]
you are returning,
you are returning.
[202]
<tmarg250>Remarks by Arafat, regarding
the negotiations with Israel
and the release of Hamas
prisoners in a speech given in
Gaza, end of July, 1995.
[203]
<tmarg450>Unity, national unity!
[204]
Yes my brothers, we have
refused from the beginning
[205]
this bargaining over
our prisoners,
[206]
and I made the famous statement
that the first prisoner that
[207]
I demand to be released
is the warrior Sheich
[208]
Ahmad Yasin
[209]
Therefore my brothers, we have
refused from the beginning
[210]
and we will continue to refuse
to divide the prisoners into
[211]
categories, for they are all
prisoners of Palestine,
[212]
prisoners of the revolution,
of the Palestinian struggle
[213]
and the prisoners of
the Palestinian Intifada
[214]
and the prisoners of the
Palestinian independent decision.

[215]
Therefore we have refused from
the start.
[216]
We shall continue to refuse
to bargain over any prisoner
[217]
or in any other way
that was offered to us.
[218]
For they are all, as far
as we are concerned,
[219]
prisoners of Palestine
and heroes of Palestine,
[220]
torches of Palestine
and lights of Palestine.
[221]
<tmarg200>Report on the Palestinian TV
about Arafat's speech at the
reception ceremony in his honor
by the Beduin tribe of Tarabin,
in July 1995.
[222]
<tmarg450>Last night, President Arafat
met with a large delegation
[223]
from the Tarabin tribe at the
Al-Azhar University in Gaza.
[224]
They came to give
their allegiance
[225]
to the honored President
and to emphasize
[226]
that they stand behind his wise
leadership for our people.
[227]
The President said:
[228]
"Ahead of us we face a long,
a hard and a fierce battle,
[229]
"and we are in the midst of one
of our most difficult battles.
[230]
You must "not descend from the
mountain" (Do not stop fighting)
[231]
"unless (you reach) Jerusalem,
for prayer".
[232]
The President further said that
we still face serious obstacles
[233]
over the water issue, and who
knows what the situation
[234]
will be when we discuss with
them (Israelis) the land issue.
[235]
The President emphasized that
every time we get closer
[236]
to Jerusalem, the plots
(against us) increase
[237]
and the danger to us

grows
[238]
The President praised
the Tarabin Tribe
[239]
who took part in all the
battles in defence
[240]
of the revolution
and the Arab nation,
[241]
and mentioned the fighter
Abir Al-Wheidi
[242]
with pride and admiration
and described her
[243]
as a heroine and
as a commander.
[244]
<tmarg250>The Institute for
Peace Education
Tel. 03-695-6868
Fax 03-695-0132
[245]
<tmarg450>
[246]

[247]

TRANSCRIPT OF PLO CHAIRMAN YASSER ARAFAT'S REMARKS AT THE 'AL FATAH' GIRLS SCHOOL OPENING OF SCHOOL YEAR, SEPTEMBER 3, 1995

Girls singing: "Our weapon, we raised it in our hand. T'was a lengthy night of slumber, leader of the revolution, Abu Ammar."

Arafat: "Yes, we are proud of the Palestinian girl, the Palestinian woman and the Palestinian child who fulfilled these miracles. And I say this not at all out of flattery. The Palestinian woman participated in the Palestinian revolution. The Palestinian girl participated in the revolution. Abir Al-Waheidi, commander of the central region **[participated in the murder of Zvi Klein, December, 1991],** Dalal Al-Maghrabi, Martyr of Palestine **[participated in the murder of Israeli civilians in coastal bus terror attack, March, 1978]**,I bow in respect and admiration to the Palestinian woman who receives her martyred son with joyful cheering. The soul and blood for you, O Palestine!"

April 16 1995 speech given by Yassir Arafat at Gaza stadium, 10 days after the Cfar Darom attack, on the occaision of the date that marks Abu Jihad's 1988 assassination at the hands of the IDF in Tunis. (where Alisa Flatow, an American was killed

This speech was reported in the media as a speech of support for the peace process.

"In the name of Allah the all merciful,
Allah has bought from the believers
their souls and their monies
and they will indeed enter paradise.
They will fight for the cause of Allah
and they will kill and they will
be killed. That is a promise of the truth
in the Torah, in the New Testamant, and
in the Koran.
Those loyal to the commitment to Allah,
hear the good news in giving your allegience
to those with whom you gave your
allegience.
Listen to the good news.
This is a great win.
(THE CROWD): The soul and the blood we will
sacrifice for you O' Arafat.
(Arafat) The soul and the blood we shall
sacrifice for thee O'Palestine.

(Arafat) The soul and the blood we shall
sacrifice for thee O'Palestine.

(Arafat) The soul and the blood we shall
sacrifice for thee O'Palestine.

(Arafat) The soul and the blood we shall
sacrifice for thee O'Palestine.

(Arafat) The soul and the blood we shall
sacrifice for thee O'Palestine.

Yes my brothers my beloved, my comrades
in destiny
We look at you from Gaza and you are now
in the high heavens with the highest
of comrades.(Abu Jihad).
We look at you from the first Palestinian
liberated land that was liberated.
But we shall look at you as is destined
by the oath that still stands and by the
commitment that is still valid.
(REPEATING: "THE OATH IS VALID AND
THE COMMITMENT STANDS)
And we shall look at you tomorrow sitting
in Jerusalem, the capital of Palestine
When the prophet made the peace of Hudybiya.
I remind you and I remind all of our people.
and our Arab nation and our Islamic nation

that the tribe of Qureish objected to
make any mention of the title "messenger of Allah"
and the noble illiterate prophet said to scratch
out the title "messenger of the Allah" and
instead to insert the title "Muhammad Ibn Abdallah"
Omar Ibn Al-Khattab said and Ali Ibn Abi Talib said '
"how we can accept an accord like that".
Moreover, Omar called it "the despised peace"
and asked "how we can accept such humiliation
of our religion...O messenger of Allah"

And we when we signed the accord in Oslo, if any of you has
in objection to that agreement, I have a hundred ones

From here O brothers we speak
in candor and in clarity.
In Israel as I said in the beginning of
my address, there is an attempt
to obstruct the accord so as not to implement
what they have signed on.
And Unfortunately, there are some who give
them the pretext of the so-called security,
security, and security.
They kill us with the word security.

From here I say my brothers,
we managed with the help of our brothers
in the Palestinian team, the
heroes who represented Palestine.
They actually succeeded to become the
Palestnian team, not the joint Jordanian
Palestinian team. With all due respect
and appreciation to our brothers in Jordan.
But It is the right of this people we,
who for a hundred years since 1897,
since the first Zionist congress in Basel,
This people are in the frontline.
As the prophet said:
And they are in the frontline until the
judgement day.
Yes,we are for a hundred years on the front line.
The Balfour Declaration was proclaimed
and called you "minorities".
After that World War II, I am just reminding
you, nothing more.
The Yalta Conference came, not Malta,
Yalta, Malta is a different thing
and I will tell you about it later.
The Yalta Conference came and
they agreed to create the state of Israel
and they passed it in the United Nations.
With a majority of one vote, and they
postponed the voting for two days
until they got this majority.
Until they got this vote.

Isn't that true, this is international
legitimacy. In 1947, the partition plan,
then 56, then 67, they occupied all of
Palestine, and Golda Meir said:
" Where is the Palestinian People?
Only I am a Palestinian."
The number of Palestinian children
would make her sad.
Those who were sitting near me
just a while ago.
And those who are in front of me that
are born every day to this people.
This is the demographic bomb with
which we are confronting the enemy.

I say this because the decision was to
erase the Palestinian people,
erasing it from the political and geographic map.
so that we become just numbers
in the records of UNWRA. Nothing more.
But, brothers, the martyrs of the Palestinian
people, and their leader, the prince of
martyrs Abu Jihad, the injured of this people,
the prisoners of the Palestinian people, and
at their head my brother Sheik Ahmad Yasin.
Yes brothers, the new generals, the new
generals, who are the new generals?
It is the children of the stones
whom I named the new generals,
then the Fatah youth, the Fatah youth,
the Palestinian Army of Liberation.

Yes, the generals of the initifadah,
and the PLA, I don't want to say what
they write about them in their papers.
These heroes they have fought for
thirty years of battles on all Arab
fronts.
And when I say on all fronts I
challenge any army that fought on
all fronts like the Palestinian army.
Therefore brothers I say in the name
of this Palestinian people in the name
of the PLO.
In the name of the Palestine Authority
on the first Palestinian liberated land,
in the name of our martyrs, in the name of our injured, in the name of our prisoners, in the name of the generals of the stones, we shall preserve this Palestinian dream. On this Palestinian infant, the road to the Palestinian independent stae, and its capital Jerusalem. And when I say its capital Jerusalem, regardless of whoever agrees to it or rejects, and whoever doesn't like it may they drink from the sea of Gaza.

And if he doesn't like the sea of Gaza, let him drink from the Dead Sea.

B

[1]
Speeches of Yassir Arafat
in Gaza: June-July, 1995
[2]
For Peace Education, Ltd
tel 03-695-6868
fax 03-695-0132
[3]
eulogy given by Arafat
on june 15, 1995
[4]
for Abd Al Karim
Al Aqluq
[5]
the head of
PLO censorship division
[6]
one of the veterans
of the Fatah on the fortieth day
[7]
since his death
Gaza 19.6.95
[8]
Yassir Arafat,
[9]
a ceremony was held this evening
at University Al Azhar in Gaza
[10]
to mark the 40th day of
the death of the heroic fighter
[11]
Abd Al Karim
Al Aqluq
[12]
the man who headed
the censorship office
[13]
at the Palestine National
Authority.
[14]
President Arafat delivered
a eulogy in which he said:
[15]
we are all seekers of martyrdom
in the path of truth and right
[16]
toward Jerusalem the capital
of the State of Palestine.
[17]
the president added:
the commitment stands
[18]
and the oath is firm to continue
this long and ardous jihad
[19]
in the path of martyrdom
the path of sacrifices,
[20]

victory & glory, not only
for our palestinian people
[21]
but for our entire Arab
and Islamic nation,
[22]
until a Palestinian child
shall raise the Palestinian flag
[23]
over the walls of Jerusalem
her mosques and churches.
[24]
"in the name of Allah
the all-merciful"
[25]
Allah has acquired from the
believers
[26]
their souls & posessions,
for they will have paradise"
[27]
my sister, Um-Al-Abd
[28]
my brother, my comrades in this
long road,
[29]
verily we all are in the
quest of the martyrdom,
[30]
in the path of truth & right
the path of this sacred cause,
[31]
the path of jerusalem the capital
of the state of Palestine.
[32]
yes, my brothers, the dowry
of Palestine is high
[33]
and this people
is a people of giants.
[34]
Allah the exalted and almighty
has granted this nation his grace
[35]
as it says (in Quran),
"and they will stand
[36]
on the frontlines until
the judgement day"
[37]
words are too few here
in the spirit
[38]
except for the fundamental
commitment
[39]
that commitment and oath
that we have all made:

Mr. DEUTSCH. Thank you.

I think the focus of today's hearing should be—and hopefully it will end up being—a relatively narrow focus. That focus is the issue of the PLO compliance of the Oslo Agreement and how that affects America's interaction to the peace process.

We are a partner in this peace process. There are many other issues which are going on in the Middle East and in that region of the world right now. Mr. Burton alluded to the issue of the potential of troops in the Golan, others have mentioned a variety of other issues.

But I think the issue of day, the issue that is a relevant issue at the moment—in fact, right now at this moment, is on the Senate floor, in the Senate Foreign Operations bill with the Helms-Pell amendment in it is the extension of the PLO Compliance Act.

This bill is being voted on without hearings ever having been made; and without a full airing of this issue, I really believe that we will be doing a disservice to each of our constituents and to the country and to our role as a Congress.

It is an issue which I think needs to be aired in the light of day. We need to hear and understand the facts on the ground of what is going on, specifically, again, on the PLO compliance to Oslo One.

And I think that is very relevant because our commitment of $100 million last year, our commitment of $100 million this year, is tied to that compliance. That was the bill of goods that we were set up with when we were asked, as Members of Congress, to appropriate that amount of money toward this peace process.

And I think, as other Members have pointed out, and I think, to some extent, the Israeli Government themselves would acknowledge, the records, the facts, seem to be irrefutable and non-debatable, that the Palestinian Authority—we are not really talking about the PLO, we are talking about the Palestinian Authority, because that is who, in a sense, the negotiation is with, not the Palestinian National Authority, which is also a violation of the agreements in terms of even calling themselves that—but that the party to the agreement has almost, point by point, violated those agreements.

Whether it is the issue of extraditing terrorists to Israel—and almost without exception, when the Israeli Government has given names, even locations of specific people who are involved in terrorist actions, including murder, including murder of American citizens, the Palestinian Authority has refused, almost without exception, to extradite those people to Israel promptly, which is a clear violation of the agreements.

There are Palestinian Authority organizational structures within Jerusalem. It is almost a daily thing where the Israeli Government is going back and forth. But this also is a clear violation of what the agreements are set out and what specifically they talk about.

I mention as well, I mean, it is almost a parody, but in terms of what the entity is, in terms of the Palestinian Authority and Mr. Arafat, you know, both on occasion calling himself a state or calling himself a national authority, again, is clearly a violation.

But in some ways the most disturbing violation remains the fact in the PLO Charter itself remains calling for the destruction of the

State of Israel and that the intentions of the Palestinian Authority, of Mr. Arafat himself, I think are really still not clear.

The intentions, in his own words, are very disturbing, to say the least. And that is the heart of the agreement, that is the heart of the American role in this peace process——

Chairman GILMAN. Mr. Deutsch, your time is running——

Mr. DEUTSCH. It is going to be short. I clipped the video very short. Let me just really get to the end of it: That the real question is the intentions and also the ability to follow through on the intentions. We all understand domestic politics; but what is disturbing is that if Mr. Arafat is making statements to this effect, how bad are his domestic politics that he has to do that?

And I think this Congress, this committee, has responsibility, more than flippantly, more than in short order, really focusing on legislation. We spent 2 weeks on Waco. We spent 2 weeks on Branch Davidians. We spent 2 weeks on the Idaho shootings. And we will spend no time on this.

Chairman GILMAN. Mr. Deutsch, your time has expired.

Mr. DEUTSCH. Mr. Chairman, in terms the video?

Chairman GILMAN. We have incorporated the time for the video in your time. The timer is off, and we are using a mechanical timer up here.

Mr. DEUTSCH. OK. Mr. Chairman, then, if I can, it is only about a minute tape, let me close with Mr. Arafat's own words.

The testimony that I submitted has statements of Mr. Arafat starting in September, this month, going back several months to April, as recently as September.

But on June 15 of this year, this is about a 2-minute statement; and maybe we can just start it. Maybe less than 2 minutes.

Chairman GILMAN. Would you please identify the tape?

Mr. DEUTSCH. It is a tape of Mr. Arafat on June 15 of this year Al Azhar University.

[The following statement by Mr. Arafat is a translation from Arabic:]

Mr. ARAFAT. " . . . words are too few here in the spirit except for the fundamental commitment, that commitment and oath that we have all made: The commitment still stands and the oath is firm to continue this difficult Jihad, in this long Jihad, in this arduous Jihad, in the path of martyrs, the path of sacrifices, but this is a path of victory and glory. . . ."

Mr. DEUTSCH. Thank you, Mr. Chairman.

[The prepared statement of Mr. Deutsch appears in the appendix.]

Chairman GILMAN. Thank you, Mr. Deutsch.

Mr. Engel.

STATEMENT OF HON. ELIOT ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. ENGEL. Thank you, Mr. Chairman. I would like to thank you for holding this hearing today as you promised you would.

As the author of one of the three major bills to replace the expiring Middle East Peace Facilitation Act and as cochair of the Congressional Peace Accord Monitoring Group, along with Congressman Saxton, I am profoundly interested in the Middle East peace

process; and I am glad that the committee is taking time to consider this issue at this critical time.

Two years and one week ago today, the world witnessed a historic event: The leaders of two people's who had been at war for almost half a century joined hands at the White House with President Clinton in a symbolic culmination of months of secret negotiations.

I recall this day as though it was only yesterday. My wife was 8 months pregnant, could barely move, it was a very hot day, and we remember sitting on the White House lawn feeling tremendous joy in the hope that we were observing the end of decades of war and terror.

Today, I look back with the awareness that much of the initial excitement, a sense of hope which surrounded the signing of the Declaration of Principles, has dissipated considerably. Terror has returned as those trying to destroy the peace process strive to turn public opinion against it with acts of random violence.

Let me be absolutely clear on where I stand. I fully support the Middle East peace process. I have no greater desire than to see the conflict between Israel and the Arab world consigned permanently to the pages of history.

Moreover, I am proud that the United States has offered its ample resources—diplomatic, technical, and financial—to help move the negotiations along.

In short, we must do everything possible to help the peace process succeed.

Nevertheless, I believe our support cannot be unconditional. I firmly believe that the parties must live up to their sides of the bargain and that we must always be mindful of the sordid history of the PLO, a track record of some of the most heinous acts of terror committed during the 1970's and 1980's.

Prior to signing the Declaration of Principles, Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasir Arafat exchanged several commitments, solemn, bilateral duties to underpin the peace process.

In exchange for Israel's recognition of the PLO, Yasir Arafat committed his organization: To recognize Israel's right to exist in peace and security; to accept U.N. Security Council Resolutions 242 and 338; to renounce the use of terrorism and violence; to assume responsibility over all PLO elements in order to prevent and punish acts of terrorism or violence; to call upon Palestinians to oppose violence and terrorism; to submit to the Palestine National Council changes to the Palestinian National Covenant, eliminating calls for Israel's destruction; and to implement, in good faith, the Declaration of Principles.

With the signing of the Gaza-Jericho Agreement in Cairo last year, Israel and the PLO made specific, several of the security-related commitments undertaken on the White House lawn.

In particular, it is now clear that the PLO must: Transfer suspects requested by Israeli authorities; confiscate illegal weapons, exclude terrorists from security services; and avoid the type of vitriolic rhetoric which only tends to incite violence.

The PLO's record in complying with its commitments is mixed at best. On the positive side, Yasir Arafat has recognized Israel and

accepted Security Council Resolutions 242 and 338. Many news reports also indicate that he has finally begun to crack down on terrorists.

Nevertheless, it has demonstrated significant disregard for many of the other obligations to which it has committed itself.

Terrorism has been rhetorically denounced, yet individual acts of terror have gone uncondemned. And even when Yasir Arafat speaks out in English, equivalent words in Arabic to those who most need to hear go unspoken.

And that is not all. The following items represent some of the more significant violations of very specific legal obligations contained in the peace accords: Sections of the PLO Covenant calling for Israel's destruction have yet to be removed; calls for jihad by Yasir Arafat continue; the ban on unlicensed weapons goes unenforced; suspected terrorists have not been transferred to Israel; and the Palestinian Authority continues to locate its institutions in Jerusalem.

Mr. Chairman, no nation has been more engaged in the effort to move the peace process forward than the United States. Not only was the historic document signed on the lawn of the White House, but no other nation pledged $500 million over 5 years in an attempt to end the historic conflict, not even the wealthy Arab states of the Persian Gulf, who have the most to gain by the end of hostilities.

I am proud of our involvement.

But the PLO should be clear that American generosity is not unlimited. America must hold Yasir Arafat's feet to the fire and demand that he and the Palestinian Authority——

Chairman GILMAN. The gentleman's time has expired. Please wind up.

Mr. ENGEL. OK. Let me submit the rest of this into the record.

And let me just say that the bottom line for me is this: If Arafat and the PLO comply with their commitments, then U.S. money should continue to flow. If they do not, then they will be the blame for the destruction of peace.

I believe very carefully that a threshold ought to be set—a reasonable threshold, not an unreasonable threshold—a threshold to which the PLO and Yasir Arafat can meet if they are sincere.

I do not believe in blowing up the peace process. I think it is very important to continue. But I think it is important that all parties live up to what they agree to.

Again, my bill—and I hope we would mark it up in the committee—I think sets realistic thresholds that the PLO and Yasir Arafat can meet if they so desire.

I would hope that that is what we do as we strengthen MEPFA. And I would hope, again, that all parties concerned join the commitment to the peace process.

Chairman GILMAN. The gentleman's time has expired.

Mr. Berman would like to submit a statement.

Mr. BERMAN. Mr. Chairman, I am listed as a witness. We are in an Immigration markup. We are voting on amendments every 3 minutes or 5 minutes. So rather than testify, I would like to introduce my statement into the record if I could.

Chairman GILMAN. We appreciate the gentleman's cooperation.

Mr. BERMAN. And then I would like to make just two points.

Chairman GILMAN. Without objection, you may submit your statement in full.

STATEMENT OF HON. HOWARD L. BERMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. BERMAN. Thank you.

I am on the side of wanting the peace process to continue. I want to see MEPFA renewed for a reasonably long period of time.

But I do not agree with the notion that there is something wrong or that it is necessarily counterproductive to raise questions about where there has been PLO compliance and where there has not for two reasons.

One, it is somewhat disingenuous to have these principles, these commitments, this law, and then try to sweep it under the rug. I do not think the process is helped by that.

And I think we can cite a number of things where there has been compliance and where steps have been taken and where things are improving and in other steps they are not.

The second reason is, I think we can be of assistance in promoting greater compliance by virtue of raising some of these issues.

The bottom line, when it all comes down to it, at least from what I know now, I think it is critically important that the process continue and that we extend MEPFA; and I hope that the Congress would do that soon.

Thank you.

Chairman GILMAN. Thank you, Mr. Berman.

Mr. WYNN. Mr. Chairman.

Chairman GILMAN. Yes. The gentleman is recognized. Mr. Wynn.

Mr. WYNN. I would be curious as to whether we are going to have anybody from the State Department here?

Chairman GILMAN. Mr. Wynn, we requested that a State Department witness appear, but we have been told that they were not available for today.

We made a further request that if they were not available, for them to come at a later date. No later date has been established yet.

But we will have the State Department appearing at a subsequent hearing.

Mr. WYNN. Thank you very much, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Wynn.

The next witness is Mr. Kelley with the General Accounting Office.

Mr. Kelley.

The Chair would like to note that our witness, Mr. Joe Kelley, will be retiring from the General Accounting Office on September 29, just a few days from now. He served the GAO and our Nation for 38 years in a meritorious manner.

Joe Kelley now serves as director in charge of International Affairs issues at the GAO. He spent many years working on a wide variety of matters in the international area and has worked with many members and staff of this committee as manager of many important GAO studies that have aided us in our oversight responsibilities.

Mr. Kelley, I am certain that the members of the committee would join me in paying tribute to you for your dedicated service to the American people and in wishing you a great deal of happiness and good health in your forthcoming retirement.

Mr. Kelley.

STATEMENT OF JOSEPH E. KELLEY, DIRECTOR-IN-CHARGE, INTERNATIONAL AFFAIRS ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, U.S. GENERAL ACCOUNTING OFFICE

Mr. KELLEY. Thank you, Mr. Chairman. I was quite surprised with that. And I want the record to show that I am not retiring because I am up here testifying today.

Mr. Chairman, I would like to introduce Mr. ten Kate on my right here. He was the gentleman that was kind of in the trenches doing the work for us.

Chairman GILMAN. What is Mr. ten Kate's title?

Mr. KELLEY. He is a supervisory evaluator.

Mr. Chairman, I would like to submit my statement for the record.

Chairman GILMAN. Without objection.

Mr. KELLEY. I will try to adhere to your 5-minute rule and just go through quickly and summarize some of the salient points, especially on the issue of the classification of the report.

Our testimony discusses the audit work that supports our recently issued classified report on the Palestine Liberation Organization's finances.

I will also discuss in my testimony the principal cooperation issues we dealt with on this assignment. And finally, my written testimony covers our efforts to have this report declassified in response to the requests from you, Mr. Chairman, and several Members of Congress.

As far as the audit objectives, Mr. Chairman, at your request, we reviewed the PLO's finances in connection with the decision by the United States to help fund long-term development projects in the West Bank and the Gaza.

With respect to the work we performed in our review we attempted to obtain financial information directly from the PLO at the outset. The PLO told us to provide written questions on the information we required and then declined to respond to them.

The PLO also chose not to respond to our written requests for meetings with PLO and Palestinian authority officials in the self-rule territories.

With respect to the agencies we covered, Mr. Chairman, in Washington we interviewed Palestinian affairs experts and program officials from the State Department, USAID, and several other agencies, which are listed in my statement.

We also conducted work in London, Tel Aviv, and Jerusalem, and interviewed officials from essentially the same agencies.

We met with U.S. intelligence experts from State's Intelligence and Research Bureau, the Central Intelligence Agency, Defense Intelligence Agency, and the National Security Agency.

British intelligence officials declined our requests for meetings on the basis that they had no useful information to share with us.

However, we were able to interview a senior official from Britain's National Criminal Intelligence Service to discuss a February 1994 estimate that the PLO had $8 to $10 billion in assets and an annual income of $1.5 to $2 billion. This was mentioned earlier by prior witnesses.

Citing the confidential nature of his sources, the author of this statement declined to provide us with any data or documentation to support this claim.

With respect to the cooperation issues, which I discuss in my written testimony, in general, Mr. Chairman, we received good cooperation from the agencies that I have mentioned previously in the statement.

We did encounter some limited access to records and cooperation problems at the State Department, CIA, and the Federal Bureau of Investigation.

With regards to the State Department and the CIA, the problems we experienced did not materially affect our final report message or conclusions.

I have listed in the statement examples where we had some problems; but through the effort of your staff, we worked these issues out at the State Department.

Initially, the CIA was unwilling to cooperate with us or share available intelligence data about the PLO.

As you know, agency officials provided us with two background briefings on the PLO only after you asked the CIA to cooperate fully with us on our review.

The agency declined to facilitate contacts with foreign governments for us.

Now I would like to turn to the issue of the efforts we made to get the report declassified.

You sent us a letter, Mr. Chairman, requesting that we take the necessary steps to have our classified report on the PLO's finances declassified to facilitate increasing public discussion of the topic.

This request was followed by other requests from members, totaling, of approximately about seven, asking us the same question, to get the report declassified.

I would like to point out that on the classification, the GAO generates classified information derivatively; that is, the information we use in GAO-produced documents carries the classification of the originating source, which is within the agencies.

The GAO does not have authority to declassify or downgrade classified information. This authority is vested solely by authorized executive branch officials.

When there is a perceived need to downgrade or declassify information, the originating agency's concurrence must be obtained. And that is one of the things we have been doing with the agencies.

My statement points out that we informed the Agency and State Department that the chairman had asked that our report on PLO's finances be declassified.

In a letter to GAO dated September 5, 1995, the CIA responded that, with certain minor exceptions, none of the CIA material used in our report could be declassified.

The State Department has not yet responded to our declassification request.

That summarizes my statement, Madam Chairman.

[The prepared statement of Mr. Kelley appears in the appendix.]

Ms. ROS-LEHTINEN [presiding]. Thank you so much, Mr. Kelley. We appreciate your being here. The chairman would like for me to point out that the CIA was invited to testify, but the agency declined.

The chairman would like to make sure that some questions and especially your answers are entered into the record.

Therefore, although you might have covered some of this in your testimony, I would like to ask you some questions for the record today, Mr. Kelley.

Can you tell us why the PLO asset study was classified?

Mr. KELLEY. It is classified, essentially—well, I really cannot respond to that because the letter they sent back to me explaining why they could not declassify it contained the reasons why they could not do it, and they were classified. So I am having a little difficulty here explaining that to you.

Ms. ROS-LEHTINEN. So their explanation as to why it was classified is classified as well?

Mr. KELLEY. Yes.

Ms. ROS-LEHTINEN. Ah, it is very clear now.

Which agencies, organizations, governments, and individuals did you contact as you worked on this investigation?

Mr. KELLEY. Well, my statement lists several. State Department, obviously; CIA; Overseas Private Investment Corporation; AID; Department of Treasury; and the World Bank. We did a lot of work with the World Bank. And then the Drug Enforcement Administration.

We contacted those agencies here in Washington as well as overseas.

Ms. ROS-LEHTINEN. And what kind of cooperation did you receive from those agencies or individuals?

Mr. KELLEY. As my statement mentions, we had some difficulties kind of getting started with this job with respect to the State Department and the CIA.

And essentially we were delayed in getting some of the information. We had done a cable search and listed those which we thought would be pertinent—these are State Department cables—pertinent to our review. It took some time to get those cables. We had come back up and talked to the staff, Mr. Garon and the staff, about problems, shortly thereafter, we started getting some of these cables.

We ended up with probably a small number that we did not get. And, essentially, the basis for that is what they call "deliberative process." That is it has information in there of personal opinions and things like that that really do not represent the department.

So, as I said in my statement, with respect to the State Department and the CIA, when we sit back and analyze the data and analyze what efforts they made, we feel that they really did not impact on where we came out with respect to the issues.

Ms. ROS-LEHTINEN. Getting back to the classification question, in spite of the absurdity of the answer that it entails, if you could elaborate further.

There is a lot of anxiety in many communities about this classified document, and when you classify something, it leads to further speculation as to what it contains. It creates quite a furor.

If you could explain just a little bit further about this controversy of having this very important report labeled as a classified document.

Mr. KELLEY. You mean how the process works?

Ms. ROS-LEHTINEN. How the process worked and if it was your intention to have it classified; did you believe that it merited such classification.

Just give us a little further insight on this controversy of the classified document.

Mr. KELLEY. Well, essentially, when we do work at the State Department and DOD, primarily, I personally do not do that much work at CIA—but we have access to classified documents.

And, essentially, we have an understanding with the agencies that we will abide by an executive order which gives the President the right to establish who in the executive branch can classify documents.

And we, basically, have to abide by that. And, essentially, it is kind of a practical thing that if we are asking for classified documents in a review and then we turn around and distribute them and make them public, we are not going to get any more documents; you can count on that.

So essentially we work on that basis. By law, we do not have classification authority; and the classification authority, as I said in the statement, is with the agency.

What we try to do, Madam, is, when we get the report back, if we think there are some things in there that may be overclassified or we could wordsmith it, so to speak, to remove some of the offending information, if release would be a problem for national security purposes.

Ms. ROS-LEHTINEN. National security—if the release of that information could pose a problem for national security issues, as you said, whose national security would you be speaking about?

Mr. KELLEY. Well, the U.S. Government. I am only talking the U.S. Government's national security.

Ms. ROS-LEHTINEN. U.S. Government.

Of what general area would that be a threat to national security?

Mr. KELLEY. Well, if there is information, for example, in DOD on capabilities of a particular weapon system, if they are highly sensitive.

If there is information, I guess, in the intelligence agencies that they do not want to see released because it might reveal the sources of the information that they obtained or the methods that they used to obtained it.

Ms. ROS-LEHTINEN. No, I understand that certain documents must be classified. But this subject matter is the PLO's assets, and it just strains the imagination to think how anything related to the PLO's assets could be deemed as a threat to U.S. national security.

If anything, it would be quite helpful for all of us to know about that information. Not knowing and not having that information could, then, be a threat to U.S. national security. But certainly not the withholding of that information.

I understand how some documents should be classified. But I do not know how the PLO's assets could fall into that category.

Mr. KELLEY. I think at the CIA, obviously, things they do affect national security.

But I think that, as you know, they are a fairly secretive agency; and information that they collect and analyze and report on is very seldom, especially if it is involving data obtained through intelligence gathering methods, they are normally not in the process of putting that information out because, as I understand it, the other side could figure out where their sources were or who the agents were, I presume.

I think you are better off asking the Agency as to how that works.

Ms. ROS-LEHTINEN. Well, although, I guess I would make a distinction between certain information dealing with them that would, perhaps, be able to be classified as documents, the methods you used to obtain the information, or the contacts.

But the information on the assets themselves, I do not see how that would have to be classified.

Would you not agree that, perhaps, the distinction could have been made between that information which maybe somebody could see—methods, informants, ways of getting at it—it should be classified, but the information itself dealing with the assets, the——

Mr. KELLEY. Well, I am really at a disadvantage in defending why the Agency has done this. I think that, presumably, if they showed some numbers that it might reveal something to someone else that they know where this information is coming from.

That is the best I can do for you on that.

Ms. ROS-LEHTINEN. Well, thank you. I realize that you are not the individual who would perhaps best answer that, and the CIA would—we would have loved to have had them answer those detailed questions about the classification.

But if the request to detail PLO assets would be made again, how would we do this differently? How would you do it differently? Or for the most part you would handle that investigation in the same way? Whether it is about cooperation or classified documents or testifying in front of committees for other agencies, what would you do differently?

Mr. KELLEY. I do not know that I would do much differently. We as an agency do not have the basis to go out and try to gumshoe and pin down exactly what the assets are.

As I say in my statement, we tried to use sources in Treasury to help us out. But we as an agency basically rely on what the other agencies have.

Now, we look at it and we try to evaluate it and make sure that it is not off the wall; but when you get into issues relating to intelligence, it does become somewhat difficult for us to take everything apart and say, oh, right; we got our own sources out here, and we do not think you are right.

So I do not know that I would do anything different. I think that the team that did this work just kind of turned over every stone we could find, as I related in the statement, and as I discussed it with the staff, that we made every effort to try to obtain the information on their finances.

We were just limited to getting the information from the CIA. And they were, as I said, reluctant at first to provide us briefings. But we did eventually get some very good briefings from them.

Ms. ROS-LEHTINEN. And about the seeking of documents and information, there were some allegations that the PLO had diverted funds to a variety of projects, including housing in Jerusalem.

How did the GAO finish up that project?

Some reports have said that those documents, those letters are fake. Others have said that they were real. Have you been able to come to a conclusion as to the veracity of those documents, of that information?

If those letters are real and the funds mentioned are not U.S. funds or donor funds, could they be among the PLO's current secret assets?

Mr. KELLEY. We have received the request from the chairman on that a month or so ago, and we have been pursuing that. We have not reached a final conclusion on that. We are trying to get some information from the agencies in the Middle East to try to see how they go about verifying the expenditures.

However, we are coming to a conclusion on it, but I am not really ready to discuss where we come out on it. We were concerned originally about whether or not the documents were valid. And I guess the chairman had asked the Agency, the CIA, to take a look at it. I do not know that they have completed their analysis yet.

But I am just not in a position to give you a bottom line at this point in time. But we should be finished with that fairly soon. I would say in another 3 weeks.

Ms. ROS-LEHTINEN. Oh, in about 3 weeks?

Mr. KELLEY. I would hope so.

Ms. ROS-LEHTINEN. And you would be sharing that information with us?

Mr. KELLEY. Well, we would be sending a letter back to the chairman.

Ms. ROS-LEHTINEN. Thank you.

About the PLO funds in general, could you give us a better idea of who controls those funds? From where do those funds originate?

Any information that there may be on the legal holdings of the PLO or where they are located? What is the estimated value?

Mr. KELLEY. If I knew that, I would have told you when I first sat down here.

I might have to call on my sidekick here to help me out. The PLO, as we understand it, was obtaining a lot of funds from several Middle Eastern countries and also some taxes coming back from workers who worked in the Middle East.

Let me talk to my colleague here for a second.

[Pause.]

Mr. KELLEY. I am told that I am straying into the classified part of this exercise. So let me end it there.

Yes, I guess I really cannot go much further than that.

Ms. ROS-LEHTINEN. Let me ask a specific question. When Arafat returned to Gaza in the summer of 1994, there were a lot of reports that he had been charging journalists for interviews. Do you know if that is true, and are the charges still being extracted from journalists?

There had been some reports that some large sum was paid by an Italian magazine for an interview with Arafat about his daughter's birth.

Do you know any reports or any followup on those rumors of having journalists pay?

Mr. KELLEY. Madam, I do not have any information on that at all.

Ms. ROS-LEHTINEN. Well, we will look forward to having the chairman share his report on the possible diversion of funds with us in a few weeks then.

We will give you a very declassified "thank you" for your comments today.

Thank you.

Mr. KELLEY. Thank you, Madam.

Mr. JOHNSTON. Madam Chair, may I ask just one or two questions?

Ms. ROS-LEHTINEN. Oh, sorry, Mr. Johnston, I did not see you there. The last time I glanced, I was the only one here.

Thank you.

Mr. Johnston.

Mr. JOHNSTON. I sneaked in on you. That is all.

And I was not privy to some of your non-answers. But Mr. Burton earlier testified that British intelligence had stated that the PLO has now $8 billion in the bank and that the GAO confirmed that figure.

Do you have any comment on Mr. Burton's testimony?

Mr. KELLEY. That we confirmed that figure?

Mr. JOHNSTON. Yes.

Mr. KELLEY. That is not the case.

In my statement there is a discussion in there about the fact that there was a British intelligence agency that put a report out that had those numbers in it—$8 to $10 billion I believe it was—and Mr. ten Kate, on my right here, met the individual who prepared that report in London; and he could not—he would not provide us any information which would serve as a basis for his conclusions or his numbers. And that is stated in the testimony.

Mr. JOHNSTON. Because I have received information, unclassified, from our intelligence that the PLO was broke and that since the gulf war, the Arabs and the Kuwaitis have cut them off because they chose the wrong side and that their payroll deduction plan for Palestinians that work throughout the Middle East, particularly in the oil areas, had been stopped.

Do you have any comment on that?

Mr. KELLEY. That gets back into the area of the problem I am having with the intelligence business.

Mr. JOHNSTON. OK.

Mr. KELLEY. Although, you say you got it unclassified. That is kind of interesting.

Mr. JOHNSTON. Thank you very much.

Mr. KELLEY. Yes, sir.

Chairman GILMAN [presiding]. Thank you, Mr. Johnston.

Mr. Kelley, is there anything we can do to open up this report?

Mr. KELLEY. Mr. Chairman, I would propose that—after we got the turn down from the agencies, I had Mr. ten Kate go back with

the marked up copy that came back as to what had to remain classified, I wanted to see what we had left.

Chairman GILMAN. So now you have received a review by the intelligence agency?

Mr. KELLEY. Yes, sir.

Chairman GILMAN. You have a marked up copy?

Mr. KELLEY. Yes. And what I want to do is, could we go through that and see if we have a cogent, understandable document that we could issue.

Chairman GILMAN. Right. How long would it take you to do that?

Mr. KELLEY. Think it would take probably a couple of weeks.

Now, I will say this, Mr. Chairman, that the report with respect to the key issue we have been talking about today is still not declassified.

The rest of it, there is a lot of information in there that is unclassified that deals with how they do their budgeting and the accountability issues.

Chairman GILMAN. Well, I would hope that after you go through it—and I hope that you could do it in less than a couple of weeks—that you would then meet with our committee so that we could explore with the intelligence agency whether more of that could be declassified, if you would.

Mr. KELLEY. The material I am talking about is excluding not marked classified, so I do not see a problem.

They want me to come back and show them what I am going to do if I am going to do something like this.

I think there is a lot of information in that report that would be fairly helpful to the committee.

Chairman GILMAN. Well, we would welcome being able to release the report.

Will you be pursuing this issue any further with an attempt to get any more information?

Mr. KELLEY. There were a few things that were kind of loose ends that I was going to have Mr. ten Kate check on. But, essentially, I think we are pretty much finished with it. I do not think it would be very productive for us to continue.

Chairman GILMAN. The British intelligence agency was not willing to share with you any information?

Mr. KELLEY. That is correct. And I say that in my statement.

And I want to point out, too, that—I just mentioned to Mr. Johnston—Mr. ten Kate did talk to the author of that study; and we asked him for the backup or the basis for his numbers, $8 to $10 billion. And he said that he could not share them with us. He could not share the basis for his report with us.

Chairman GILMAN. Have you talked to anyone else in addition to the intelligence people about trying to get a release of their information?

Mr. KELLEY. No, sir. I have dealt with the State Department and the CIA. I have not talked to any other agency about it.

You mean outside the agencies?

Chairman GILMAN. Yes, outside——

Mr. KELLEY. No, I have not, sir.

Chairman GILMAN. I would urge you to try to discuss it with any other agency of the Government that might be able to satisfy our inquiry, if you would further pursue that.

Mr. KELLEY. I can give it a try.

Chairman GILMAN. Would you? Then let us know how you make out.

Mr. KELLEY. All right.

Chairman GILMAN. We would welcome that.

Mr. KELLEY. Yes, sir.

Chairman GILMAN. Mr. Hamilton.

Mr. HAMILTON. Thank you, Mr. Chairman. I have no questions.

Mr. Kelley, I understand you will be retiring after 38 years of service, and I just want to extend my appreciation to you for all of the work that you have done for this committee. We have appreciated that very much. It is an excellent record of service.

Mr. KELLEY. Well, thank you, Mr. Hamilton.

Sometimes maybe I did not get the reports up here as soon as you needed them, and I apologize for that; but I enjoyed working with Mike and his team.

And I enjoyed working with your team as well as, Mr. Chairman.

Chairman GILMAN. Well, Mr. Kelley, we wish you well in your future endeavors. Thank you for being with us.

Mr. KELLEY. Thank you, sir.

Chairman GILMAN. We will now call Panel 3, Mr. Polisar of Peace Watch, and Mr. Robert Satloff of the Washington Institute for Near East Policy, if they would please come to the table.

Both panelists, you can submit your statement in full and summarize it or read your statement; but bear in mind we are under a 5-minute rule.

So please, Mr. Polisar, proceed.

STATEMENT OF DAN POLISAR, EXECUTIVE DIRECTOR, PEACE WATCH, JERUSALEM, ISRAEL, ACCOMPANIED BY ROBERT SATLOFF, EXECUTIVE DIRECTOR, WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Mr. POLISAR. Thank you very much, Mr. Chairman.

I am Dan Polisar, the director of Peace Watch, which is a neutral, unaffiliated peace accord monitoring organization in Israel, which monitors accords signed by Israel and its Arab neighbors, to date, Egypt, the PLO, and Jordan.

We are in the business of giving out facts on compliance, not of making recommendations either to the parties to the accords or to the U.S. Government.

I want to focus just on a couple of highlights from the written testimony. The first of those has to do with what compliance is, which ought to be a straightforward question, but apparently it is not.

When you are monitoring compliance, what you are looking at, what you have to be looking at, is what are the obligations that each side has taken upon itself? And what is their actual behavior. That is how we do it. That is how it has traditionally been done.

There were, in recent State Department reports on this subject, however, two alternative approaches to compliance, neither of which really constitutes a valid way to look at it.

One of them is a relative standard. That is, instead of looking at what the PLO was supposed to do and what they did, the State Department gave a sort of impressionistic view of whether a particular 6-month period was better or worse than the 6-month period prior to that. And that relative standard does not give you a good reading on compliance.

Second, you cannot substitute the views of the parties in the conflict for an objective analysis of compliance.

It very often happens that Israel will demand of the PLO more than the accords actually say. Israel will tell the PLO you cannot talk about having Jerusalem as your capital in the future, even though there is nothing wrong with talking about that on a future level.

Israel will say to the PLO, you have to extradite even people whose extradition we have not yet formally requested. The accord does not mandate it. Israel is demanding more. Sometimes Israel demands less, is not as stringent as the accords are, and the same thing in the opposite direction.

Whether you are talking about Peace Watch or the U.S. Congress, if you want to do an objective job of monitoring, you cannot substitute the judgments of the sides. You have to say to yourself: What were the parties supposed to do? And what are they actually doing?

And that is the standard which motivates these remarks.

I want to touch on a couple of aspects of compliance. The first of those is what I refer to as meta-compliance. That is, what is it that the PLO leadership is saying about the most fundamental aspects of the accords? The recognition of Israel? The cessation of the armed struggle? And most importantly, the sanctity of the accords themselves?

Part of compliance has to do with a commitment that you will comply at all times with the accords that you have signed.

And I think the most disturbing thing on this note is that more than half a dozen times in the last several months, Chairman Arafat has gone on public record as comparing the Oslo accords to accords that were signed by the Prophet Muhammad with the Tribe of Quraysh.

Now, those accords were a 10-year accord, a cease-fire; and after 2 years, when it became expedient to do so, Muhammad broke those accords in order to defeat the Tribe of Quraysh. And that bespeaks a very problematic attitude toward compliance. It suggests that an accord is something you comply with when it is convenient; and when it becomes inconvenient, you do not comply with it.

A second issue of compliance relates to the preemptive measures which have been taken to fight against terror. There are a number of measures that must be taken according to the accords: confiscating weapons is part of that picture; shutting down training grounds; also stopping an attack, when you hear about it, stopping it before it occurs.

And I would just like to close by noting a couple of examples because Chairman Arafat and other leaders of the PLO have stated on a number of occasions that they have stopped 10 attacks, they have stopped 12 attacks, they have stopped 14 attacks.

Now, the nature of these claims is very difficult to investigate. Someone says I stopped attacks; I cannot tell you for security reasons who was going to attack and where they were going to attack; but take my word for it, I stopped it.

Now, the three cases that we investigated indicated as follows: No. 1, there was a case in which the claim was that——

Chairman GILMAN. Mr. Polisar, your time is rapidly expiring.

Mr. POLISAR. OK. Then I will rapidly bring my remarks to a close. Thank you, Mr. Chairman.

A case in which a claim was made that 440 pounds of explosives had been destroyed. It turned out it was 440 pounds of perfectly innocuous pesticides.

A claim that a suicide bomber on a bus was coming from Jericho to Jerusalem. It turned out that there was no bomber, there was no bus, there was no explosives, and there was no plan.

There was—and I will close on this note—one case in which there was a kernel of truth to the claim. Chairman Arafat said that a planned suicide bombing attack for a particular destination had been thwarted. It turns out someone was in the process of being recruited to engage in an attack at some future point, and the Palestinian police arrested the recruiters. It was not exactly what was claimed; but it was, in fact, a thwarting of a possible attack.

Thank you very much, and I look forward to taking your questions.

[The prepared statement of Mr. Polisar appears in the appendix.]

Chairman GILMAN. Thank you, Mr. Polisar. We appreciate your taking the time to be with us.

Mr. Satloff.

STATEMENT OF ROBERT SATLOFF

Mr. SATLOFF. Thank you, Mr. Chairman. Thank you for the opportunity to provide testimony to this committee. This is my inaugural testimony before this committee.

Mr. Chairman, I just returned 2 days ago from leading a delegation of the Washington Institute to the Middle East where we met with senior leaders from Turkey, Jordan, Israel, and the Palestinian Authority; and where we convened our annual conference in Amman, Jordan, to discuss with 200 Arabs, Israelis, and Americans the future of the peace process.

I bring those insights from those conversations to this testimony.

Now, Mr. Chairman, in a process replete with critical moments, we are entering one of the most critical. Gaza-Jericho was a signal achievement; however, it was only the first phase of an interim arrangement. Despite great misgivings about the record of Oslo, both Israel and its Palestinian partner have decided to press on to a second-stage agreement. This will include Israeli redeployment out of populated areas of the West Bank, elections for the first-ever Palestinian Council, and the extension of the Palestinian self-government throughout the West Bank.

This is a complex and complicated agreement. It envisions three zones of withdrawal and differing rules for security governing these zones. Implementing this agreement will be exponentially more difficult than implementing phase one.

Nevertheless, Mr. Chairman, and despite the continuance of terrorism by radical elements opposed to the peace process, Israel believes its best interests lie in advancing to the next stage so as to ensure that Gaza-Jericho does not wither on the vine as many Arab friends of the Palestinians seem willing to permit.

While there is great anxiety among the Israeli public and within the Israeli Army about implementing the next phase, significant majorities continue to support the government's pursuit of the peace process.

Second, Mr. Chairman, the Palestinian Authority has had a few good months. The Palestinian capital is reportedly beginning to arrive in Gaza, $600 million since the new year. Cooperation between the Israeli and PLO security forces has improved significantly.

Nevertheless, Mr. Chairman, there is still much room for improvement, both in terms of promoting free market investment and especially in terms of taking preventive and preemptive measures to combat terrorism.

In my view, the key for the next phase will be——

Chairman GILMAN. Mr. Satloff, I am going to have to interrupt. I have 4 minutes to get to the floor.

Ms. Ileana Ros-Lehtinen will be returning. We will continue in just a few minutes. In the meantime, we will recess for just a few moments.

[Recess.]

Ms. ROS-LEHTINEN [presiding]. The committee will please come to order. Thank you so much for the witnesses' kindness and patience.

Mr. Satloff, we apologize. I understand that you were in the middle of the beginning of your statement, let us say; and if you could continue please.

Thank you. Mr. Satloff.

Mr. SATLOFF. Thank you very much, Madam Chairman. If I could just pick up where I left off.

The Palestinian Authority, Madam Chairman, has had a few good months. The Palestinian capital is reportedly beginning to arrive in Gaza, $600 million since the new year. Cooperation between the Israeli and PLO security forces has improved significantly.

Nevertheless, there is still much room for improvement, both in terms of promoting free market investment and especially in terms of taking preventive and preemptive measures to combat terrorism.

In my view, Madam Chairman, the key for the next phase of Oslo will be whether the PA adopts the Gaza model in the West Bank or the Jericho model. The former being a laisser-faire attitude toward radical groups and their possession of weapons. The latter being an activist approach to security.

Replicating the Gaza model will be a recipe for disaster. An activist approach may prove successful.

Third, Madam Chairman, Jordan-Israel peace. This is, perhaps, the most hopeful element in the new Arab-Israel equation; but it needs support lest it grows sterile.

The key theme of our conference in Amman was that this peace is much more complex than a personal agreement between King Hussein and Prime Minister Rabin. That personal connection may carry the day for a period of time; but for peace to survive its cre-

ators, it must be bolstered by tangible changes in the lives of the people that are affected by it, especially the Jordanians.

The success or failure of the Jordan-Israel peace should not be left hostage to the success or failure of the Israel-Palestinian relationship.

To ensure that, it is necessary to find low-cost ways to assist the Jordanians and to convince Jordan to turn its economic sights from Iraq in the east to the West Bank, Israel, and the Mediterranean in the west.

Fourth, despite all the talk about Syria's strategic choice for peace, it is not yet clear, Madam Chairman, whether Syria is part of the problem or part of the solution.

Syria today is the only peace process principal that continues to entertain the use of terrorism as policy and that is engaged in terrorism against the peace process it claims to support.

Today, living in Damascus or the Syrian-controlled Bekaa are anti-peace process terrorists and anti-Turkish terrorists. Syria is taking direct steps to undermine reconciliation among the Iraqi Kurds; and it is flouting procedural agreements to renew peace talks with Israel.

I can find little evidence, Madam Chairman, that repeated United States entreaties and demarches to Syria have brought direct results on these issues.

Just three quick points on U.S. policy and then a final caveat.

First, the peace process is very much in American interests. With the absence of a Soviet Union, the rationale has shifted, but it has not diminished. It used to have a defensive rationale, keeping the Soviets out.

It is now a more positive rationale, to create a strategic consensus among moderate pro-West elements, Arabs, Israelis, and Turks, to combat the twin threats of Iraqi's secular radicalism and Iran's religious militancy.

Success requires American leadership to deter the region's radicals. This is where the process began. This is where it must continue. Without it, the process will die.

Second, our job is to work with the peace makers.

Ms. ROS-LEHTINEN. It you could summarize, because your time is up. Thank you.

Mr. SATLOFF. Yes.

We need to work with the peace makers, with the Israelis, with the Palestinians. We have a unique role in helping to shore them up as well as insisting on full compliance.

And let us not forget Egypt. This is the most important relationship in the Arab world. We must work on it now.

With Syria, Madam Chairman, I would suggest that we need to step back for a moment. We have shown the urgency; the Israelis have shown the urgency; it is unclear whether the Syrians have shown the urgency.

In next week's meeting between Secretary Christopher and Foreign Minister Sharaa, perhaps America's own bilateral list of issues—proliferation, human rights, Lebanon, narcotics, counterfeiting, and Syria's role in Lebanon—should be on the agenda.

A final note, Madam Chairman, as an historian, it is important for all of us to take the long view. Though great progress has been

achieved, there is still much to go. We are still in an early phase, getting leaders to make peace. It will take years before those strategic decisions filter down to the people. Success in the peace process is not just one shuttle mission or one signing ceremony away. The process is not irreversible. Achievements are not irrevocable. The process can falter. It can succumb to terrorists. Nothing is inevitable. Nothing is impossible. We must take nothing for granted.

For America, the key to securing its interests is to remain engaged at every step, supporting the peace makers, and actively deterring the enemies of peace.

Thank you very much, Madam Chairman, for the opportunity.

[The prepared statement of Mr. Satloff appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you. I appreciate it. Thank you so much.

I would like to ask a question to the panelists. A FBIS report of September 1 of this year, just a few weeks ago, cites an Israeli newspaper as saying that Arafat has transferred $20,000 to a Hamas organization known as the Young Muslims Association headed by Sheikh Tal'at Sadr, one of the leaders of the political arm of this organization, via the Palestinian Sports Ministry.

And we have heard reports and indications that Arafat has transferred funds to these Hamas-sponsored institutions.

How do you assess this report? And what does it indicate about the relations between the PLO and Hamas?

Mr. SATLOFF. Madam Chairman, first of all, I do not know the specifics of the report. I was traveling in the region at the time.

My understanding of Chairman Arafat's approach is to try to isolate the military wing of Hamas and to try to bring in the soft support that Hamas receives from those who are the most economically disadvantaged.

In the last 6 months, the PLO has taken great steps to isolate the military wing of Hamas. There is, I believe, great consternation about the relationship between Arafat and Hamas on a political level.

I am not familiar with financial transfers between the PA and Hamas.

Ms. ROS-LEHTINEN. And this one referred to transferring it via this Palestinian Sports Ministry. Would you know about any——

Mr. POLISAR. If I could just interject a comment?

Ms. ROS-LEHTINEN. Yes.

Mr. POLISAR. We at Peace Watch checked out the report both on the PLO side and on the Hamas side. And all of the parties openly admit that that transfer, in fact, took place and that there are other transfers like that in the offing.

Ms. ROS-LEHTINEN. Thank you. Would you say that the PLO and Hamas are about to sign an agreement between them? And what are the principles of this agreement? What will result after this is signed?

Mr. POLISAR. The PLO and Hamas have been about to sign an agreement for about the last 8 or 9 months based on press accounts, which means you cannot take them that seriously.

I know what was under negotiation as of a couple of months ago. The deal was going to be that the PLO would agree to release all of the Hamas people who had been convicted by Palestinian courts

of crimes whose sentences ranged up to life imprisonment; and Hamas was going to agree to stop its attacks from those areas controlled by the Palestinian Authority.

And it was not clear whether they were only talking about Gaza and Jericho or whether they were talking about those areas which would be under Palestinian control in phase two of Oslo.

But I do not believe that anybody knows what is actually going to be in it because the sides have not signed anything on paper.

Ms. ROS-LEHTINEN. Thank you.

Mr. SATLOFF. If I could just add one note.

Ms. ROS-LEHTINEN. Yes.

Mr. SATLOFF. In fact, the PLO and Hamas have had ongoing negotiations since the early days of the Intifada that go back to 1988. This is, at its core, an adversarial relationship that, for moments of time, there are tactical overlaps.

So while there could very well be an agreement between the political wing of Hamas and the PA at some point, I still believe that there is a fundamental divide that separates these two.

Ms. ROS-LEHTINEN. And about this divide, how effective would you say that Arafat's control over the Palestinian institutions in the self-rule areas is? And to what extent would he be vulnerable to a challenge from Hamas or other groups that are opposed to his policy of supposedly pursuing the peace process, in his terms? Would his faction win in a fairly contested ballot when and if elections are held for a Palestinian Council, in your opinions?

Mr. SATLOFF. In my opinion, Chairman Arafat himself would win a rather significant majority in an election for the chairmanship of the Palestinian Council. There may not even be an opposition in that election. The factions that support Oslo would also win the council vote, but there would be a significant minority that would be elected from the opposition, both from the far left and the far right.

All the opinion polls that I have seen give Hamas somewhere around less than 20 percent of the vote.

In terms of security, I have no doubt that should there be a security show-down between the forces supporting Oslo and the forces opposing it, the forces supporting Oslo would win hands down.

Mr. POLISAR. I would just add to that that the polling data showing Fatah, Arafat's wing, would win as well as Arafat himself. That data has been consistent from September 1993 through to the present with Arafat getting stronger and stronger.

However, it is not precisely an issue of support for or opposition to the Oslo accords. You will get in the same poll that people support Arafat, and the majority also supports the continuation of the armed struggle against Israel. So it seems to be more on a personal and organizational level than purely ideological.

Ms. ROS-LEHTINEN. That is interesting. Thank you so much.

Mr. Johnston.

Mr. JOHNSTON. Just two brief questions. And if I could have equally brief answer, possibly.

Mr. Polisar, who underwriters Peace Watch?

Mr. POLISAR. Peace Watch is underwritten by private donors and foundations who, like its board, run the gamut in terms of their political views.

Mr. JOHNSTON. OK. The other question is, in your 12 pages of testimony you dealt almost solely with the PLO and Palestinian Authority and things of that nature.

You are dealing, in the Oslo accord, with two adversarial parties, Israel and the PLO. Would not the opinion of the Israeli Government be paramount in determining whether the PLO is complying with the Oslo Agreement?

Mr. POLISAR. The opinion of the Israeli Government is significant for a number of things politically. But when you want to monitor compliance, you are not monitoring what one party thinks of the other. You are monitoring what do the accords say, and what are the actual behaviors?

It could be the Israeli Government will say compliance is bad, and we do not care; or compliance is great, and we want more. They are entitled to a political opinion, and the U.S. Congress is.

But as the representative of a monitoring organization, I cannot substitute the judgment of an interested party for an objective analysis based on obligations and actual behavior.

Mr. JOHNSTON. So what you are saying—and you used the term twice—a political opinion, so the government is only issuing a political opinion on compliance?

Mr. POLISAR. It can also say compliance is good, but we think the process should not go on. Or it could say compliance is bad, and we think it should not.

In other words, there are two separate phases. One is the judgment on compliance. The judgments on compliance of the Israeli Government are something that we weigh just as we weigh anybody else's judgment.

But, bottom line, we have to give our analysis of the facts. That is our mandate. And I think that is also the mandate of anyone, like the U.S. Congress, who wants to sit in judgment of compliance.

Mr. JOHNSTON. How long has Peace Watch been in existence?

Mr. POLISAR. Since a month after the Israel-PLO accords were signed. That is, since October 1993.

Mr. JOHNSTON. OK. Thank you.

Mr. BURTON [presiding]. The gentleman yields back the balance of his time.

Does the gentlemen from New York have some questions of the panel?

Mr. ENGEL. Yes. Thank you.

Gentlemen, I would like to ask both of you about PLO compliance. On a scale of 0 to 10, with 10 being totally in compliance and 0 being totally not in compliance, how would you rate the PLO?

Can we start with Mr. Satloff?

Mr. SATLOFF. That is a fascinating question, Mr. Congressman.

There is a difference between effort and results. I would give the PLO a 6 or 7 in terms of its effort and a 5 in terms of the results.

Mr. ENGEL. OK.

Mr. Polisar.

Mr. POLISAR. I am going to duck the question with a short explanation.

At Peace Watch, we scrupulously refrain from giving overall grades. It is not our job to say this party is good in compliance or bad. We look obligation by obligation, because that is the approach

that we believe helps to correct problems while highlighting what things are going well.

So if you want to ask me about any particular area, I will rate it 1 to 10 or 1 to 100 or tell you what I think needs to be fixed or what is going great; but I prefer not to give an overall estimation, even at the risk of losing a good headline.

Mr. ENGEL. What about in effort—let me just ask you, if you do not want to give numbers—what kind of effort—because, you know, to me effort is probably more important than results because those of us here in Washington sometimes make a great deal of effort, and sometimes the results are less than we would like to see. So I think effort is usually a pretty good indication of the sincerity of the parties involved.

What kind of an effort do you think Mr. Arafat has been making to comply?

Mr. POLISAR. For me, or for Peace Watch, effort is the only standard. You cannot expect someone to guarantee results. He can only guarantee his actions.

But my answer is the same: Effort is not a category in terms of compliance. If you want to ask me about extradition, which is one of the subjects you discussed, I will give you an answer. But I will not give an overall rating for their effort. It is not the place of Peace Watch, and I cannot go beyond that.

Mr. ENGEL. Well, please talk a little bit about overall compliance, in terms of overall compliance, since the accords were signed on September 15, 1993.

Mr. POLISAR. All right. I would start with what is the most important obligation, what I call meta-compliance, what attitude is being fostered by the PLO on the basic questions of Israel's legitimacy and the cessation of the armed struggle.

And on that, I think we would have to give the PLO relatively low marks. And that consists—and the reasons for that is the speeches about jihad, the speeches comparing the Oslo accords to an accord which was abrogated 2 years later by Muhammad, the failure to change the Palestinian Covenant.

But more than the failure to change the covenant, which one could argue is very difficult to do and it involves other people, there have not been any pronouncements by Chairman Arafat to the effect that he absolutely wants to change the covenant or proposing what those changes would be or lobbying toward those changes or making sure that his rhetoric conforms to the covenant as it should be amended, as opposed to the covenant as it stands right now.

Much of his rhetoric fits better in the existing covenant than it would in the covenant that he is committed to writing. So on that, which I think is the most significant issue, the effort is a poor effort.

You know, obviously, there are operative levels as well, where on some things the marks are good. The Palestinians have set up a court system which has held trials of 36 individuals, 31 of whom were sentenced.

Now, none of the individuals sentenced were among the top 50 terrorists of Hamas or Islamic Jihad. Instead, they were the political leaders, they were the recruiters, they were writers and jour-

nalists. But nonetheless the trials is one of the things that is obligated by the accords, and they have taken place.

I can go through other issues, but those are some of the things that I think are particularly significant.

Mr. ENGEL. We have heard recently, the past couple of months, that the PLO is supposedly cracking down on terrorists, rounding them up. Have you found that? Have you found a difference in what is happening in the past couple of months?

Or is the pattern still holding where people are rounded up but then they are released and no one is really put on trial, no one is really convicted, it is not really being sustained?

Mr. POLISAR. The last conviction by a Palestinian court in Gaza was May, I believe, 25th. In other words, all of the trials that were held were from April 10 through May 25. And after that, there was a policy of no more trials. People were generally being released at that point rather than held up.

So from May until a couple of weeks ago there were no trials at all. Then at that point the Palestinians held two trials in Jericho principally, it seemed, in order to prevent Israel's extradition request for those individuals from going through.

Because there is a provision of the accords saying that if the Palestinians have already tried somebody, then Israel cannot extradite that person or cannot request the extradition. So moments after receiving Israel's extradition request, the Palestinians held 15-minute trials for a couple of individuals and then told Israel they are already serving jail time.

But the court system was essentially stopped as of the end of May. So if you would have asked me the question June 1st, I would have said there has been a significant improvement. If you ask me the question now, I would say that they are no longer using that particular means.

Mr. ENGEL. I want to ask Mr. Satloff one question.

I would like you to comment on Mr. Polisar's remarks about the covenant because people will say that it is impossible for Arafat to change the covenant because he needs to get so many people together.

Mr. Polisar's point was he has not even tried, or the rhetoric has not even indicated that he would like to change the covenant.

And then I would also like to ask you: What would the affect be if the United States were to pull out its money in the process? Would it, in essence, collapse the entire peace process?

Mr. SATLOFF. Well, first about the covenant, if you can spare me just a moment.

The difficulty that Mr. Arafat sees in amending the covenant has to do with the structural problem inside the PLO Charter that requires two-thirds of the Palestine National Council to take such a step.

The Palestine National Council is predominantly an expatriate organization, a diaspora group with the majority of its members living outside the West Bank and Gaza.

Oslo is essentially an internal deal. It was to empower the West Bankers and Gazans. Arafat essentially cut himself off from the large majority of membership in the PNC.

If the PNC were to be convened tomorrow, I suspect that you would not get the two-thirds necessary to amend the charter. And my understanding is that is why he has not proceeded down that path. I might not like it, I might want it to be amended tomorrow, but I do not think he has the votes; and I suspect that is why he has not proceeded that way.

My understanding is that a new formula is being worked out to hopefully do this after Palestinian elections which will provide Arafat with the first-ever Palestinian mandate to let him take such a substantive change.

So I understand his difficulties. I do not like them, but there is a political rationale to why the PNC has not been convened so far.

As to your second question, if the United States were to sever its assistance to the Palestinians precisely at a time when the Israeli Government and the Palestinian leadership were to take one step forward in the peace process, via the second stage agreement, I believe it would send a negative signal to both the Israeli people and the Palestinian people about the lack of confidence that the American Government had in the leadership of both the Israeli Government and the Palestinians. And such a shock of lack of confidence would have ramifications throughout the peace process.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman.

Mr. BURTON. The gentleman's time has expired.

Mr. Moran.

Mr. MORAN. I did not hear all of the testimony, Mr. Chairman, so I will pass. But I will have some questions of subsequent witnesses, though.

Mr. BURTON. OK. Thank you.

Mr. Ackerman, does the gentleman from New York have any questions or comments?

Mr. ACKERMAN. I do not have any questions. I would ask to include my statement into the record.

Mr. BURTON. Without objection.

[The information appears in the appendix:]

Mr. BURTON. Let me just follow up on that because I have a question about the $500 million that we are proposing to give to the PLO over the next 5 years.

According to British intelligence—and the gentleman who made the statement stands by his comments and reports—the PLO has approximately $8 billion in various institutions around the world.

Now, we certainly do not want the peace process to collapse; but at the same time, they really do not need that money. And your argument is that that money is part of the glue that is holding the agreement together and that if that money is not forthcoming, the process might break down.

It seems to me that it is in everybody's interest for this deal to work out regardless of the money. The PLO wants a homeland; they want the agreement to fly; they want permanence where they were.

It just seems to me that the argument that the money that we are supposed to give them is absolutely essential for the peace process to go forward does not make any sense to me. It just does

not make any sense, especially at a time when we have severe fiscal problems in this country.

If the PLO had no resources and if this was the one essential that had to be maintained to make sure the process continued, I would say fine. But I just do not see that. Can you explain maybe to my satisfaction the reason of why the money should go forward?

Mr. SATLOFF. Well, first of all, Mr. Chairman, I hold no portfolio on behalf of the U.S. Government, nor do I have any insider knowledge about PLO finances.

My assessment of the situation is that the United States having made a commitment and having put a dollar figure on that commitment has made a commitment not just to Yasir Arafat but a commitment to those who support this process, Israelis and Palestinians alike.

A decision after the fact to stop or to sever that commitment would have ramifications, not just to the PLO but throughout the peace process, about the American Government's ability and willingness to carry through on its commitments in that process.

It would send signals everywhere from Cairo to Amman to even potential future partners like those in Syria.

It is perfectly legitimate to look at PLO finances and to ask questions about where the money is going and to audit and all that sort of thing with transparency and accountability.

But there is a larger political context here. And this has to do with the American role in the peace process and how Israelis, Palestinians, and other partners in that process perceive the American commitment.

Mr. BURTON. Well, I certainly will not argue the point other than to say I do not think that those who are negotiating for the United States and working in the peace process were aware of the tremendous amount of assets that the PLO had during that process; and when you find out information after the fact like that, I think it does have a bearing and should be taken into consideration. But we will not go into that.

Let me just ask you, you were talking about the extradition, I think, a few minutes ago; and there is some question about whether or not there is a workable extradition agreement and whether or not the PLO is working with the authorities in Jerusalem and Tel Aviv.

Has Jericho become a safe haven for some of these people that are alleged terrorists and perpetrating terrorist attacks? And are they not being allowed to be extradited for trial in Israel?

Mr. POLISAR. OK. The Gaza-Jericho Agreement is extremely clear on the subject of extradition, which they call transfer of suspects since it is not dealing with two sovereign entities.

If one side gives the other a formal request backed by a warrant from a court and backed by the signature of the attorney general, there is no opportunity for consideration; the arrest and transfer have to be effected immediately.

There have so far been seven cases in which Israel has put in formal requests like that for a total of 11 suspects in murders and attempted murders.

In those cases to date, the Palestinians have responded twice, once to say that under their interpretation the individuals in ques-

tion—who, by the way, were serving in the Palestinian police force at the time and still do—those individuals should not be extradited. In the other case, the Palestinians responded by saying they would like to extradite but the individuals in question are in Egypt and not Gaza.

When it subsequently turned out and became a matter of the public record that those individuals were, in fact, in Gaza, the Palestinian Authority changed its answer and said that Israel had not filled out the paperwork correctly. That was several months ago, and they still have not told Israel what flaw there is.

In all of the other requests, the Palestinians have not yet given any answer, and they have not yet extradited.

So, on the simple level, they are 0 for 11 on this.

Now, there is a second category called——

Mr. BURTON. They are 0 for 11?

Mr. POLISAR. All of the 11 people whom Israel has requested have not been handed over to date, although the accords are clear that those people should be handed over.

Mr. BURTON. So, in essence, what you are saying is, it appears as though there is a violation of the agreement?

Mr. POLISAR. On this, I will make a clear statement: There is a violation of the agreement. And let me just back that up with one other thing.

General Nasser Yusef, who heads the Palestinian police force, said, as a matter of public record in an interview with our organization, Peace Watch, that it is the standing policy of the Palestinian Authority not to hand over any suspects in any security-related cases. And that was backed up by a statement from their lieutenant director of intelligence and seems to fit the policy set on the political level.

Mr. BURTON. Well, I do not want to belabor this discussion, we have other panels, but I would just like to say that the gentleman who proceeded you, when I asked him about the $500 million, indicated that we had to live up to the peace process and the agreement, otherwise we would be looked upon as somebody who is not trustworthy.

It seems to me that what you are saying there is the peace process has been abrogated, at least in this instance, and they have violated the agreement. And that being the case, especially with the tremendous substantial assets that they have around the world, it would seem to me, since we did not have those facts before, that we ought to use that as possibly a lever to force compliance with every aspect of the peace process. And if they do not, we should not give them that money.

Does anybody else have any questions?

I see the ranking democratic has arrived. Mr. Hamilton, do you have any comment? I think everybody else has spoken.

Does the gentleman, Mr. Brownback, have any questions or comments?

Mr. SANFORD. Sanford.

Mr. BURTON. Sanford. Excuse me. I am sorry.

Mr. SANFORD. I do not have any questions. Thank you.

Mr. BURTON. OK. Thank you.

There being no further questions of this panel, we will thank you very much for your testifying. And we will have the next panel come forward.

We now are joined by Mr. Neal Sher, Executive Director for the American Israel Public Affairs Committee here in Washington.

Mr. Sher, thank you for coming today. You may go ahead and proceed with your opening statement.

Mr. HAMILTON. Mr. Chairman, may I make a unanimous consent request to have testimony from the Center for Israeli Peace and Security made part of the record?

Mr. BURTON. Without objection.

[The material appears in the appendix.]

STATEMENT OF NEAL SHER, EXECUTIVE DIRECTOR, AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE

Mr. SHER. Thank you, Mr. Chairman and members of this distinguished committee, for the opportunity to testify today before you.

As executive director of AIPAC, I recognize the critical role that——

Mr. BURTON. Excuse me. Would you care to introduce the lovely lady next to you there?

Mr. SHER. Yes. My pleasure. Ester Kurz, who is the director of our legislative policy.

Mr. BURTON. Welcome.

Mr. SHER. We recognize that this committee plays a vital role every year in ensuring that the United States-Israel relationship remains strong.

We believe in the critical importance of United States relations with Israel. And we recognize the prominent role that foreign aid plays in accomplishing America's foreign policy objectives, not only in Israel but around the world. And in this regard, I want to express AIPAC's strong support for a viable foreign assistance program.

AIPAC, a domestic, nonpartisan membership organization of American citizens, works on a daily basis with its members to nurture a close and consistently strong partnership between our country and Israel.

On our executive committee sit the presidents of 50 major American Jewish organizations representing more than four and a half million active members throughout the United States, as well as leaders of the country's pro–Israel community from all 50 states.

AIPAC is the designated spokesman on Capitol Hill on behalf of the organized American Jewish community on issues relating to the United States-Israel relationship.

Mr. Chairman and members, we meet at an historic moment. Israel and the Palestinians are about to sign a landmark agreement which has the potential of transforming relations between the two parties and between Israel and the wider Arab world.

A broad Arab–Israel peace would promote three key United States foreign policy objectives: greater regional stability, containment of radical forces and states, and secure flow of Persian Gulf oil.

This brings enormous political, economic, and strategic benefits both to the United States and to Israel.

But in concluding this agreement, we have to understand that Israel is taking unprecedented risks for peace, predicated on support from its one reliable ally, the United States of America.

The alliance between the two countries serves as the bedrock of Israel's security and the guarantee of stability in the region. Israel is able to take the risks for peace only when she is confident that the United States stands behind her.

United States support is vital to achieving the goals of the agreement, to minimizing the risks that Israel is taking, and to making sure that Israel is not harmed in the event that things do not go well.

There is a wide range of opinion in the pro-Israel community, as there is in Israel itself, regarding the best path to peace between Israelis and Palestinians.

But there clearly is a consensus that the critical decisions regarding peace and security must be made by the democratically elected Government of Israel in free and direct negotiations with its Arab counterparts.

The Government of Israel has arrived at such a critical decision. It is about to sign an agreement with the Palestinians committing the State of Israel to a specific course of action.

And I am particularly pleased to be here today because the U.S. Congress has a vital role in helping ensure the success of the impending agreement.

First and foremost, it needs to support the peace process by maintaining United States aid to Israel. As stated in a May 4, 1994, letter to Prime Minister Rabin, co-authored by Senators Dole and George Mitchell, which 92 Senators signed, and I quote: "As you work for peace and reconciliation, please know that we will continue to do our best to provide Israel with the economic and defense assistance it needs, because we believe a just and lasting peace can only succeed if Israel is strong and secure."

To that end, let me take this opportunity to thank the members of this committee for supporting the $3 billion in aid to Israel in the fiscal year 1996 Foreign Aid Authorization bill, H.R. 1561.

Another important contribution Congress can make to the peace process is support for the renewal and the strengthening of the Middle East Peace Facilitation Act, known as MEPFA, as contained in the Senate version of H.R. 1868.

MEPFA has already made an important contribution to the peace process. By linking aid and overall relations with the United States to PLO compliance with its commitments to renounce terrorism and violence and to accept Israel's right to exist, it has provided the Palestinian Authority, the PA, with an incentive to comply with the PLO's commitments.

Since MEPFA was first enacted, the PLO's record of compliance, while still far from adequate, has improved, particularly in recent months.

The PA has reportedly prevented a number of Islamic terrorist acts, including suicide attacks, against Israel. And there have been consistent reports of high levels of cooperation between Palestinians and Israeli security forces.

Wanted terrorists have been subjected to long prison terms by the PA.

Mr. BURTON. Mr. Sher, could we have you conclude relatively soon so we could get to the questions and answers? We are trying to stick as close as we can to the 5-minute rule.

Mr. SHER. OK. I will chop it down a bit. Thank you, Mr. Chairman.

Mr. BURTON. Thank you.

Mr. SHER. We have to make one thing very clear. We understand that much more has to be done. There are problems. The problems highlight, in our view, the need for tougher legislation that would provide Congress with additional leverage to enforce PLO compliance.

Arafat must understand that the U.S. Congress is closely watching his acts.

The new MEPFA, which we support is, indeed, tougher than existing legislation. In addition to certifying that the PLO continues to comply with its commitments of September 1993, the President would also have to certify that the PLO is complying with many other commitments, particularly those under the Gaza-Jericho Agreement of May 1994, which include: the prevention of acts of terrorism; taking legal measures against terrorists; abstaining from and preventing acts of incitement; prohibiting the possession, manufacture, sale, or acquisition of weapons.

Moreover, the bill prohibits, within 6 months, any aid unless the President further certifies six other items, including disavowal of the covenant calling for Israel's destruction.

In addition, the bill introduces financial accountability by requiring the President to certify that the U.S. assistance is spent only for its intended purposes.

Mr. Chairman, virtually the entire organized American Jewish community has publicly expressed support for MEPFA of 1995. In an August 2, 1995, press release, the Conference of Presidents of major American Jewish organizations stated, and I quote: "There is a strong consensus among our 50 national member agencies to support MEPFA 1995."

We at AIPAC are part of this overwhelming consensus. And we take note as well that both the Government of Israel and our own Administration are also supportive of MEPFA 1995.

We believe that adopting it will enhance the peace process, promote American interests. And that by rejecting the bill or adopting proposals that would have the effect of denying any aid to the Palestinians would cause serious harm.

The new bill, the new proposal would maximize the law's effectiveness as a tool to ensure PLO compliance with its commitments. An enhanced MEPFA would help demonstrate to the PA its need to comply with its commitments.

Mr. Chairman, despite its problems, the peace process has made dramatic progress since that unforgettable day 2 years ago when Yitzhak Rabin and Yasir Arafat shook hands on the White House lawn.

We must ensure that the progress we have witnessed will continue so that one day Israelis and Palestinians will live together in peace and that Israel will have the peace and security it so desperately longs for and needs.

Thank you very much.

[The prepared statement of Mr. Sher appears in the appendix.]

Mr. BURTON. Thank you for your comments.

First of all, you indicated that the PLO has taken steps to stop terrorist attacks against Israeli forces and positions. What documentation do you have for that?

Mr. SHER. Well, there have been several reports and, frankly, also from meetings and conversations we have had in Israel.

But the main point that I would like to——

Mr. BURTON. No. The point is that those were pretty categorical statements that you made, and I just wondered if you had any documentation where the PLO could show that they took steps to stop some kind of a terrorist attack. Because there have been a number of terrorist attacks, as you——

Mr. SHER. Yes, there have been terrorist attacks. Of course, the ones they stopped did not result in terrorist attacks. And information we have received, reports we have been given, indicate that they have made improvements in this.

And the point that I would like to make here is that by Congress staying engaged through MEPFA, which has as a requirement for the continued relationship between America and the Palestinians that they continue to comply with this commitment, that America—this Congress has a role in keeping their feet to the fire. And it is a very useful tool and vehicle that would ultimately help the peace process.

Mr. BURTON. We intend to do that, I think. But you made that statement and it kind of puzzled me.

You also said that the overwhelming percentage of the Jewish Americans are for these accords. I have before me some statistics. It says according to an American Jewish Committee survey, 71 to 17, the U.S. Jewish constituency does not believe that the PLO will comply with commitments or will refrain from terrorism. Seventy-one percent believe they will not comply.

And 63 percent to 30 percent oppose economic aid to the Palestinians.

And 91 percent do not believe that the PLO is doing enough to prevent terrorism.

And by a vote of 56 to 37, in this statistical study, they maintain that the Arab's goal is the destruction of Israel.

So I do not know about these organizations that you referred to——

Mr. SHER. Well——

Mr. BURTON. Let me just finish.

Mr. SHER. Sure.

Mr. BURTON [continuing]. But the vast majority of the Jewish constituency and Jewish Americans do not agree with you.

Let me just ask a couple of questions here.

Mr. SHER. Mr. Chairman, first——

Mr. BURTON. Well, let me just ask a couple of other questions here, and then you can respond.

Mr. SHER. OK.

Mr. BURTON. It is my understanding that Yasir Arafat and his organization transferred to the Hamas organization a fairly large sum of money.

And it is generally believed that this organization has been at least complicitous, if not totally responsible, for some of these acts of terrorism.

And I do not understand how you cannot question, at least severely, the leader of the signer of the peace agreement when he evidently did approve of this large sum of money going to a drug terrorist organization.

And one more thing, and then you can comment on all three of them.

The previous panel talked about the, quote, unquote, extradition agreement—which is really a transfer agreement since they are not sovereign nations—and the PLO is 0 for 11, 0 for 11 where there have been people who were allegedly involved directly or indirectly in acts of terrorism and they were to be brought before the courts of justice in Israel; and Israel has made a formal request and has had the warrants, as I understand, in accordance with the agreement sent to the PLO governing agency there in Jericho; and they are 0 for 11.

So it seems to me that there is a violation of the agreement. It seems to me that there is a continued support of terrorist organizations by Mr. Arafat. And at the same time that all of this is going on, which is an abrogation of the agreement in my view, we are supposed to go ahead with $500 million in assistance.

And also, the inconsistency between what you said about the total support of the Jewish community for these accords when, in fact, the polls among Jewish Americans do not seem to support that.

If you could cover those three things, I would really appreciate it.

Mr. SHER. I would be very happy to.

First, I think one thing has to be made clear: I am not here today as a cheerleader for Yasir Arafat, by any stretch of the imagination. And nothing I say should be construed as such.

Are there problems? Absolutely. Everybody recognizes that. Our organization recognizes it. The Jewish community as a whole recognizes it. And frankly, some of the problems to which you have alluded, demonstrate quite clearly why a stronger and enhanced MEPFA is so important.

It gives leverage to this powerful body, to our powerful government, over Arafat to make improvements and to do what he is supposed to do.

And the American Jewish community, overwhelmingly, as reflected by the Conference of Presidents, has supported a stronger and enhanced MEPFA, as is reflected in what is in the Senate bill now, H.R. 1868.

And they understand exactly what I am articulating now. And that is that the United States has a critical role to play, and they can have an impact upon Arafat's behavior, and that by using wisely this leverage, which is what MEPFA is all about, we can do something to help strengthen Israel, to strengthen the peace process, and to inure to the benefit of people in the region and in the United States.

No one says there are no problems. But we think MEPFA is a very valuable tool in addressing those very problems.

Mr. BURTON. Well, I thank you for your comments. I have strong reservations, as you probably realize.

Mr. SHER. Yes.

Mr. BURTON. Mr. Hamilton.

Mr. HAMILTON. Thank you very much, Mr. Chairman.

Mr. Sher, we are delighted to have you. I, of course, was interested in your support for the Middle East Peace Facilitation Act and the strengthening of it.

Let us suppose we reject it, what happens in your judgment?

Mr. SHER. Well, without it, our entire relationship with the PLO, including the possibility of aid, is terminated. We lose the available leverage that I think we must retain. And if we want to be players, we simply have to engage in this process.

It is a critical part of the process. We think that it provides the appropriate measures to influence the problems that we are seeing there.

Mr. HAMILTON. As you know, it is supposed to expire, I think, in a few days——

Mr. SHER. Yes, sir.

Mr. HAMILTON [continuing]. And what is your thought with regard to the length of time on it for renewal?

Mr. SHER. Well, the current bill, which is on the Senate side, is an 18-month extension.

Mr. HAMILTON. You support that?

Mr. SHER. We support what has been known as the Helms-Pell bill, yes, sir.

Mr. HAMILTON. OK. And does your testimony, when you talk about strengthening the MEPFA, spell out the conditions that you favor to strengthen it at the bottom of page two of your testimony?

Mr. SHER. Well, we believe that the Helms-Pell bill, which is 1995, indeed, significantly strengthens the original 1994 version.

And in my testimony, sir, we articulate some of the areas that it addresses which demonstrate that it is a significant strengthening.

Mr. HAMILTON. Now, you strongly support the peace process as it is now taking place?

Mr. SHER. Yes. We have been supportive, and we are supportive of Israel as it pursues this course.

Mr. HAMILTON. And do you think that that support is very widespread in the American Jewish community?

Mr. SHER. Yes, sir.

Mr. HAMILTON. And you are aware, of course, that there are voices, some we are hearing today, strongly opposed to that peace process?

Mr. SHER. That is right.

You know, the American Jewish Committee poll, to which there has been allusion to earlier—and I think the American Jewish Committee itself will be testifying after I finish—reflects very large and overwhelming support by the community.

And I think that should be not lost sight of.

And the peace process as well.

Mr. HAMILTON. OK. Well, we thank you, sir, for your testimony. We are very pleased to have you.

Mr. SHER. Thank you.

Mr. HAMILTON. Thank you, Mr. Chairman.

Mr. BURTON. Yes, sir.

Before I yield to the next member, let me just say the staff gave me some information. They said that in the event that the legislation was not successful, the PLO office would be closed and U.S. dollars to the World Bank amounting to about $40 million would stop.

However, it would not stop our State Department's dialog with the PLO; and U.S. dollars going to NGO's in the amount of approximately $35 million would go forward.

So it would not be a total cutoff.

Mr. SHER. But we would lose that very important leverage that I have referenced.

Mr. BURTON. Well, I think that is a matter of——

Ms. KURZ. If I could just make another point, Mr. Burton?

Mr. BURTON. Yes.

Ms. KURZ. In terms of the money that goes into the World Bank, that is money which is donor country money in which several nations participate; and they very much look to U.S. leadership in terms of their own contributions to the Palestinians.

If we were to withdraw or temporarily even pull back our money from that multinational effort, my guess is the donor countries would as well. They would hold back their funds. And as a result, much more than the $40 million you are talking about would be withheld.

Mr. BURTON. I need to yield to my colleague, but let me just say that I think that most people would agree with you as long as the PLO is holding up their end of the bargain.

But with the terrorist attacks and the noncompliance as far as transferring known terrorists or alleged terrorists for trial, I mean, they are violating their agreement; and I think that that causes some real consternation among people who are voting to support the position that you want.

I would be happy to yield to my colleague, Mr. Sanford, who does look a little bit like Mr. Brownback.

Mr. SANFORD. I will take that as a compliment, Mr. Chairman.

I want to follow back up briefly with the chairman's thoughts, in that I suppose what we are trying to measure is violations of compliance with managing the peace process.

And I am curious to know is there a line in the sand, so to speak, in terms of noncompliance beyond which you would say: We know longer support aid to the PLO?

Mr. SHER. Well, compliance is a process that is ongoing. And there have been improvements. I do not think there is any question. And I think that the United States has played a role in the past through MEPFA 1994, which was a major reason and a contribution to that.

And, frankly, we all recognize that much more has to be done. And by our continued involvement and leadership, and leadership—as my colleague has said, it is not just U.S. participation; it is leadership. As the only super power in the world, it is very significant that we take the prominent leadership role.

Mr. SANFORD. I would grant that. But my question relates back to earlier testimony that suggested that there had been too much noncompliance.

And so my question to you is: Is there a line in the sand in terms of noncompliance beyond which you say, no, we would not support aid to the PLO?

Mr. SHER. Well, I mean, we are clearly looking for improvement and significant improvement.

And this also ties into the fact that we are at an historic juncture. And at this point, to just cutoff that entire relationship would make it virtually impossible for it to continue. It would have a dramatic negative impact.

Mr. SANFORD. I yield back.

Mr. BURTON. Gentleman yields back the balance of his time.

The gentleman from Florida?

No questions.

The gentleman from New York.

Mr. ENGEL. Thank you, Mr. Chairman.

First of all, Mr. Sher, I want to compliment you on an excellent presentation, particularly your mention of foreign aid, which is something that we have discussed and debated for a long time in this committee and so many of us are very worried and concerned that the foreign aid pot seems to be shrinking; and we worry that although the foreign aid moneys to Israel have not been, if the current Congress keeps in its direction, it is only unfortunately a matter of time until foreign aid to Israel is affected. So I think that foreign aid ought to be strengthened, not cut back.

I also agree with you on the strengthening of MEPFA. I think that the question really is: How do we strengthen it? And that, I think, really where the disagreements come in.

I think that you said that we need to have additional leverage on Mr. Arafat and that the U.S. Congress is watching his actions. And I have, from day one, felt that that is very, very important, that he not think that he can just do whatever he wants and people are so anxious to have the peace process continue that things will continue and American aid will flow regardless of whether or not Mr. Arafat and the PLO complies.

And so I think that those points were very good.

I also want to comment on something that Mr. Burton said, because I think that the American Jewish Committee poll, which I have here, really kind of shows the American Jewish community is really very torn or is being pulled in a lot of different directions.

And I just wanted to mention this because I think it more accurately reflects the views.

They ask: "Overall, do you support or oppose the Israeli Government's current handling of the peace negotiations with the Arabs?"

And 68 percent support, 15 percent oppose.

"More specifically, do you support or oppose the Israeli Government's current handling of the peace negotiations with the Palestinians?"

And 64 percent support, 22 percent oppose.

However, on the other hand: "Do you think that the past 2 years of negotiations between Israel and her Arab negotiating partners increased the likelihood of another war, or increased the likelihood

of peace with the Arabs?" I should not have said "on the other hand."

And 18 percent say increase the likelihood of war, and 66 percent say increase likelihood of peace.

But, on the other hand, the question: "Can the PLO be relied upon to honor its agreements and refrain from terrorist activities against Israel?" 17 percent say yes, and 71 percent say no.

"Do you think that Palestinians are interested, or are not interested, in a true and lasting peace with Israel?" 37 percent say they are interested. 51 percent say they are not.

And then when you ask: "Is the PLO doing enough or not doing enough to control terrorist activity against Israel by Hamas and other Palestinians extremist groups?" only 5 percent say doing enough, and 91 percent not doing enough.

I could continue, but I just wanted to read those because it just kind of shows that people want peace; but people do believe that the PLO is not complying and really doing what they can do.

So I guess I have more of a statement than a question. If you would like to comment on anything that I said.

Mr. SHER. All I would like to say is that I think that you deserve to be complimented and commended for your efforts along these lines. And we at AIPAC thank you for that.

Mr. ENGEL. Thank you.

I yield back the balance of my time.

Mr. BURTON. The gentleman yields back the balance of his time.

The gentleman from Virginia, Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Let me ask you a little about what has been done to date. Have you seen any substantial economic development in the Gaza strip, for example?

Mr. SHER. I think there is no question there has been an improvement of some economic situations in the Gaza.

There has been building. There have been economic development which can only benefit the lives of the people there.

Mr. MORAN. I understand that one of the things that was discussed early on was the development of a hotel, a Marriott Hotel in Gaza. That is not going anywhere, I understand.

Mr. SHER. I think it is contemplated. I do not know the exact status of it. But there certainly are intentions to build hotels there.

Mr. MORAN. Do you think OPIC has contributed as much as they might have the resources to do to the development of the Gaza strip?

Mr. SHER. As much as they can?

Mr. MORAN. Well, as much as one would have expected, say 2 years ago?

Ms. KURZ. Just to answer, the money is certainly there. There have been some complaints that we have heard about bureaucratic delays in actually having the guarantees go forward. And that has been a subject of concern. Obviously time is of the essence, and projects take time.

But, unfortunately, the economic situation, if it continues to deteriorate, does have an immediate impact. So there is a problem of immediate benefits versus the longevity of the these projects and how long they take to actually come to fruition.

So there has been some concern expressed and some different avenues pursued as to how to get quick projects on the ground that can show immediate benefit to the people in the area.

Mr. MORAN. Yeah. I do not know that there has been a lot of that. And I am interested in people's perspective on that, whether sufficient effort has been made.

Let me just raise one issue, and you can handle it how you choose.

If we were to simply pull out of the peace process in terms of the U.S. role now, as some of the groups have advocated today, do you see any prospect for a more constructive individual or entity to be able to negotiate with on the part of the Palestinian groups any time in the near future?

Mr. SHER. Well, certainly the Israelis are negotiating with the people they think they have to negotiate with. And that is a very important point to keep in mind.

And they understand the difficulties, they understand the problems, but they are forging ahead because they think it is in their best interests in the long run.

Mr. MORAN. So regardless of the problems we read about in all of this voluminous data, you do not think that there is any more constructive or better opportunity on the horizon if we wanted to pursue peace in the Middle East than the current structure of negotiations that is transpiring now?

Mr. SHER. I do not think we have seen that.

Mr. MORAN. Thank you.

Thank you, Mr. Chairman.

Mr. BURTON. The gentleman yields back the balance of his time.

We have two votes on the floor. We will recess until the two votes are over. We have one more member, Mr. Lantos, who would like to question this panel, if you could wait.

And then as soon as we get back and Mr. Lantos completes his questioning, we will go to the next panel and have them testify.

We appreciate your patience.

We will stand in recess until the votes are cast.

[Recess.]

Chairman GILMAN [presiding]. The committee will come to order.

We interrupted the hearing in order to vote. We were in the midst of the testimony by Neal Sher, Executive Director for the American-Israel Public Affairs Committee.

Mr. Sher, did you finish your testimony?

Mr. SHER. Yes. I did everything, answered some questions. And my understanding is that Congressman Lantos wanted to ask some questions.

Chairman GILMAN. Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman.

I want to commend Mr. Sher and Ms. Kurz for their participation. I find your testimony, Mr. Sher, very convincing and extremely realistic.

Early on when I sat at the witness table, I indicated that I have been going to Israel since 1956 with great regularity. I have been deeply involved in United States-Israel relations for decades.

I must say that the breakthroughs we have seen during the last couple of years with all the blemishes and all the problems and all the setbacks and all the tragedies is literally mindboggling.

And I find that even in private dialogs with Arab leaders who have not yet come on board, like during my very lengthy private meeting with President Asad of Syria, it is self-evident that the peace process has had a major metamorphosis in the thinking of even the most recalcitrant Arab players in this game.

I believe that Israel shedding Gaza has been a tremendous boon to that country. The peace treaty with Jordan is of monumental significance. I had the pleasure of taking the first congressional delegation across the bridge to visit Amman, having visited Jerusalem. And I have had numerous discussions with the Jordanian leadership, and I am very encouraged by their whole attitude and approach to a new era.

Earlier in the year, my visits in Saudi Arabia, with President Mubarak, in Oman, and elsewhere have convinced me that this clearly is an infinitely preferable course to follow than what would be the breakdown of the process.

I have noted that many of my colleagues both in testimony and in questioning from here have dealt with the desirability of the peace process from the Israeli point of view, and I fully share those sentiments.

But I am far more concerned with the possibility of this process coming to a grinding halt from the point of view of U.S. national interests. This country has invested unbelievable resources—economic, political, military, intellectual, cultural—in moving toward peace.

This administration, I believe, has been incredibly supportive of the State of Israel and the creation of a somewhat more normal climate in the Middle East.

I must admit that I am a bit puzzled by those who are focusing on the palpable flaws and deficiencies of both some of the players and many of the developments.

I suspect I could stay here until midnight and cite problems with Yasir Arafat. It is very easy to do so. And I have done that for decades. The fact remains that until I am shown better alternatives in terms of the ongoing peace process, I believe it would be the height of irresponsibility for the United States not to continue along this path.

I would also say that I find a yardstick of perfection an unrealistic one in the Middle East or, indeed, elsewhere. There will continue to be outrages and problems and violations and tragedies, just as there are here in our own country.

If the great cities of the United States are incapable of providing a physically safe situation for American citizens, I think it is the height of absurdity to assume that in the turbulent Middle East riskless, painless, tragediless months or years can lie ahead.

And I merely want to say to those who would like to see this process halted that before they pursue that line of reasoning they consider the alternatives, because the alternatives, under any set of circumstances, are so infinitely less favorable than this halting, flawed, painful, bloody, difficult, tenuous, peace process, that I often wonder how people can take the position that an action by

this Congress, which would bring the process to a grinding halt, could benefit either our friends who wish to have a civilized and peaceful and democratic life in the region—not just in Israel but those segments of the Palestinians and those segments in the neighboring Arab states who feel this way—but I also wonder what their recommendation is with respect to U.S. foreign policy at a time when such a powerful isolationist trend is sweeping the Congress and the country.

This clearly is the most reasonable—I would have to say the only reasonable course to pursue.

I fully favor strengthening the Middle East Peace Facilitation Act. I fully favor holding Arafat's feet to the fire at every step of the way. I fully favor insisting that every single facet of every agreement he has signed onto or will sign onto he will abide by.

But I also think it is self-evident that a flawed process which pushes the ball forward is infinitely more desirable from the point of view of U.S. national interests than a process that would come to a grinding halt.

And I would be grateful if either you or Ms. Kurz or both of you would comment on my statement.

Mr. SHER. Well, we, of course, as I have stated before, believe that it is imperative that the U.S. Congress play the significant role that it can play and has been playing in this.

And, indeed, this is the course that the peace process which the duly elected Government of Israel has embarked upon is one which the United States should stand with Israel on, stand behind Israel so that the risks are minimized to every degree possible.

And does the process and does Arafat have problems? Yes. I think we have made this very, very clear.

And I think that is all the more reason for the active participation of this body, of this Congress, in doing what it can do to help secure peace.

Mr. LANTOS. Ms. Kurz.

Ms. KURZ. I just want to commend you for your comments. They were as always, very eloquent and to the point.

It is easy to forget the moment in history in which we are living because we all get caught up in our day-to-day lives, and we all are very busy in the minutia and the details of our own lives.

But the kind of moment that we are witnessing in history right now, not just for the people of Israel, but for the world is amazing; I do not think most of us can appreciate what exactly it is we are witnessing.

It may come to naught. It may fall apart at any moment. There are enormous threats. There are many, many rejectionists in the region who want to bring this to a grinding halt, as you have indicated. And there are going to be lots of problems down the road.

But to step back for a moment and look at the big picture and what we are talking about for the people of Israel and for their ultimate security—and for those of us who have family and friends who have been killed in wars in Israel, been killed in terrorist attacks—it is a painful, difficult process. But as you say, the alternatives are far worse. And I think it is incumbent upon us, both for American interests and for Israel's interests, to do everything that we can to make sure that Israel's Government, which is taking

these risks at enormous risks to itself, is supported by this country, by this Congress, that has been so tremendously supportive in the past. And we thank you for that.

Mr. LANTOS. Thank you very much.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Lantos.

Mr. BERMAN.

Mr. BERMAN. Thank you, Mr. Chairman. I am sorry I was not here to listen to the testimony. I have had a chance to read the statements.

You come out for support of MEPFA unequivocally. You point out that MEPFA has been strengthened, this version of MEPFA has been strengthened from earlier versions.

You want it passed soon. And you think it is a mistake to write it in a fashion that would compel a decision to eliminate the suspensions and prohibitions that MEPFA waives in existing law.

Mr. SHER. Correct.

Mr. BERMAN. I do not know if you spoke about the timeframe for an extension. Some people want to do this for another 45 days, another 60 days.

Do you have any thoughts about how long we should extend this bill for?

Mr. SHER. Well, MEPFA 1995, that is H.R. 1868, talks about an extension with the new tougher provisions for 18 months. And hopefully this entire package can be concluded by the fiscal year and go into effect.

Ms. KURZ. If I could add, Mr. Berman, the original MEPFA expired on June 30. We are now operating on the second of two 45-day extensions. That means it is now 3 months that we are operating under current law. And we understand the reasons for it. There is no Foreign Aid Authorization bill.

But it is our feeling that rather than operating under current law, which is much weaker, which does not include any of the provisions of Gaza-Jericho, which does not include much tougher language on the covenant, which does not include the numerous provisions that are in the Helms-Pell legislation, ultimately is a mistake. And to go for another short-term extension, the way to do deal with this is to deal with the longer term, whether it is 18 months or whatever the decision is, but to deal with this comprehensively and to take action now rather than go by existing law. We need to toughen up that law so that we do not continue to operate for another 3 months, which would be half a year, half the life of this bill, under current law.

So the sooner it can be passed—it is now in the Senate Foreign Operations Appropriations bill which is before the Senate at this moment. We expect the Senate to conclude this week and go to conference next week. And we are anxious to see it passed before October 1, which is the end of this next short-term extension.

Mr. BERMAN. I appreciate your thoughts on that, and I think they are important.

Mr. Chairman, I am done except to point out one thing. And that is, since the announcement of the Oslo Agreement and the signing of the Declaration of Principles, there has not—first of all, the laws that have been suspended and waived by the earlier versions of

MEPFA, in many cases, in most cases, perhaps in all cases, came to the Congress at the suggestion of the organization that our witnesses represent.

Second, I do not know of any organization, since September 1993, that has spent more time dealing, at least with my office, in terms of problems, violations, concerns, how effectively to deal with them by the PLO.

And with that, I yield back my time.

Chairman GILMAN. I thank the gentleman for his comments.

Just one question to Mr. Sher.

According to Peace Watch, the PLO has held 50 diplomatic meetings at Orient House since the May 1994 agreement was signed.

Despite the fact that the agreement states that the Palestinian Authority's offices will be only in Gaza or Jericho, 29 countries have sent officials to meetings in Orient House.

Do you consider these kinds of meetings any violation of the accord? What has been the Israeli response to that? Does the United States conduct any meetings in Orient House?

Mr. SHER. Not to my knowledge. No, the U.S. Government, to my knowledge, does not conduct official PA business in Orient House.

And this is an issue which, in fact, the Israeli Government has been dealing with. It has been dealt with in the Knesset, and they recognize certain problems in that regard as well. So, you know, this is something that has not gone unnoticed.

Ms. KURZ. We have also, Mr. Chairman, worked very hard to include legislation that was in last year's appropriation's bill that specifically prohibits the U.S. Government from having official dealings on issues relating to Gaza-Jericho in Jerusalem.

Chairman GILMAN. What is the status of that legislation?

Ms. KURZ. That legislation is contained in both the House and Senate Foreign Operations bills, and we expect it to pass again this year. That is very important legislation that sends the message to our Government that we should not be conducting any of these meetings in Jerusalem.

Mr. SHER. This is, again, the United States doing what it can do in preventing U.S. activities there.

Chairman GILMAN. With regard to MEPFA, you are suggesting that we ought to adopt the Helms-Pell proposal which was never really debated and has an 18-month provision with a State Department report every 6 months.

Do you not think by adopting that measure we are taking away the leverage that we should have in the event that there is any problem?

Mr. SHER. Because of the 18-month timeframe?

Chairman GILMAN. Because of the 6 months intervals.

Mr. SHER. Well, the 6-month interval, quite frankly, does not seem to be all that unreasonable. It calls for continuing and continual monitoring of the situation. That is built right into the language. It is 6 months when the certification has to take place, but the monitoring goes on continuously.

Chairman GILMAN. There are many of us who have some concern about too long a period of time. We recognize a necessity for MEPFA, recognize that it can be helpful to the peace process; but

I think we should, to my mind, have a shorter fuse on it than that lengthy period of time.

Well, we thank the panelists. We thank Neal Sher and Ester Kurz for joining us.

We will move on to panel No. 5. I will call Dr. Mandell Ganchrow, President, Union of Orthodox Jewish Congregations of America; David Harris, Executive Director, American Jewish Committee; Jim Zogby, President, Arab American Institute; Rand Fishbein, Board of Advisors, Center for Security Policy; Mr. Morton Klein, President, Zionist Organization of America; Mr. Richard Hellman, President, Christian Israel Public Action Campaign; and Mr. Seymour Reich, President, American Zionist Movement.

We thank our panelists for being patient and taking the time to join us today. We regret we do not have one long table. We will try to accommodate you as best we can, and our clerks will make certain there are enough seats at the table for the panelists.

Gentlemen, again, we want to urge you to be please be as brief as possible. We have a long calendar here and a lot of votes coming up that may interrupt our hearing.

We will go by the 5-minute rule. Once again, if you want to submit a statement in full for the record, do not hesitate to ask for that. We will, without objection, put it into the record.

If you care to summarize your statement, we would welcome that. But feel free to proceed in the manner best suited to you. We will start with Dr. Mandell Ganchrow, President, Union of Orthodox Jewish Congregations of America. Dr. Ganchrow.

STATEMENT OF MANDELL GANCHROW, PRESIDENT, UNION OF ORTHODOX JEWISH CONGREGATIONS OF AMERICA, ACCOMPANIED BY DAVID A. HARRIS, EXECUTIVE DIRECTOR, AMERICAN JEWISH COMMITTEE; JIM ZOGBY, PRESIDENT, ARAB AMERICAN INSTITUTE; RAND FISHBEIN, BOARD OF ADVISORS CENTER FOR SECURITY POLICY; MORTON KLEIN, PRESIDENT, ZIONIST ORGANIZATION OF AMERICA; RICHARD HELLMAN, PRESIDENT, CHRISTIANS' ISRAEL PUBLIC ACTION CAMPAIGN; AND SEYMOUR REICH, PRESIDENT, AMERICAN ZIONIST MOVEMENT

STATEMENT OF MR. MANDELL GANCHROW

Mr. GANCHROW. Thank you, Mr. Chairman.

I appreciate the opportunity to be here this afternoon to testify. I am the President of the Union of Orthodox Jewish Congregations of America, the largest orthodox synagogue groups in the United States comprising close to a thousand synagogues.

I am here today representing seven mainstream orthodox organizations that comprise the united orthodox community in the United States, including Amit, Emunah, Young Israel, Poale, Rabbinical Council of America, Religious Zionists, and the Union.

I want to assure the members of this committee that we are all mainstream organizations and not fringe groups. We are all members of the Conference of Presidents of major American jewish organizations and of AIPAC. And I myself, have been and am, for the last 14 years, a member of the executive committee of AIPAC.

Chairman GILMAN. Of course, you are excluding Mr. Zogby, who is not a president of any jewish organization.

And also Mr. Hellman.

Mr. HELLMAN. But I would like to be if they would let me join.

Chairman GILMAN. Thank you.

Mr. GANCHROW. We have all supported the search for peace, Mr. Chairman. We stood together on the White House lawn. We stood together on the Jordanian-Israeli desert in the search for peace.

But this search has come at a very high price for the people of Israel. The continued call for jihad, as we saw on tapes before—and there are other dozens of other such tapes—the failure to return those who engage in terrorist attacks as requested by Israel, according to the Oslo accords, the politically inspired activities within Jerusalem, not only in Orient House; but I myself saw 15 such institutions in Jerusalem within the last few weeks, the failure to disarm Hamas, the failure to interdict smuggling of weaponry, and the continued terrorist attacks all demand that we, the American people and the American Congress, place the tightest and most productive restrictions on United States aid to the Palestinian Authority.

And it is no wonder, then, Mr. Chairman, that two-thirds of the American-Jewish community across the board, as was mentioned before by Mr. Burton, that two-thirds oppose any American aid to the Palestinians at this time.

Our group has always supported this peace activity, as I noted; and we are supporting Helms-Pell as a beginning step. But we believe that there are so many loopholes that the Palestinian Authority, Mr. Arafat, can continue to get the money despite being in noncompliance. And we have joined in stressing that this must be tightened up.

We recommended, Mr. Chairman, that all money that is appropriated by the administration and by the Congress be placed into an escrow account for 6 months, during which time the Palestinians and Mr. Arafat can demonstrate their compliance with the Oslo Agreement.

If they live up to their accords, we will happily, happily second and support them getting their money.

And, Mr. Chairman, the proposals that I am about to mention and the conditions are all in accordance with the AIPAC policy statement at its convention in 1995, on page 4, calling for AIPAC to support Spector-Shelby-Lowey and strengthening of MEPFA.

And so we feel that our recommendations are totally in accord with the convention where 1500 of our AIPAC activists gathered to say that MEPFA must be strengthened.

We believe that the following, Mr. Chairman, must be carried out by the Palestinian Authority in order to warrant their receiving the aid. Should they not do so, it would be a cause—not because of the Sense of Congress as the current Helms-Pell, but rather because it is a violation of U.S. law.

No. 1, the Palestinian Charter must be totally renounced and repealed, not effectively superseded. If it is superseded, it could come back into play. We believe what is worse than zionism is racism.

We believe, No. 2, they must disarm Hamas, and they must stop the smuggling of new arms into the area.

No. 3, they must return the terrorists that are requested by the Israeli Government.

No. 4, Mr. Arafat must stop the call for jihad and the inflammatory talk that are present on the tapes and in Arabic. And it is going on even as we talk today. In the last few weeks, we have a tape from this month.

All Palestinian offices in Orient House in Jerusalem must be closed, because such activity is against the Oslo accord.

We believe Congress should investigate allegations of misuse of funds set for housing and other purposes in Gaza and Jericho used by the Palestinian Authority in Jerusalem to create facts on the ground.

We believe that the Congress should not vote on MEPFA until the GAO report is made public so every single Member of Congress knows if they have $8 billion in the bank. And if they do, we would not support American aid to the Palestinian Authority.

Finally, Mr. Chairman, we ask that a very important provision be added to MEPFA. And that is, that if Mr. Arafat or any Palestinian Authority declares a Palestinian State, this should be cause for automatic cutting off of all funds from the United States.

A Palestinian State would be contrary to the interests of America and would destabilize the Middle East.

Mr. Chairman, we support peace. But it cannot be one at American taxpayers' expense if we support appeasement.

We support an honorable peace. American funds play a vital role in providing incentives for Middle East countries to live up to their obligations. Mr. Arafat has a record of murder, deceit, and duplicity.

Let us work for peace by making sure that Israel's security is ensured and American foreign policy interests are safeguarded. It could only be done with complete compliance on the part of the Authority.

Mr. Chairman, let us send a message to Mr. Arafat: Mr. Arafat, comply with your obligations, reassure us through words and deeds, and we will do what we have to do.

Thank you, Mr. Chairman. I would like to submit the entire statement to the committee.

[The prepared statement of Mr. Ganchrow appears in the appendix.]

Chairman GILMAN. Thank you, Dr. Ganchrow. Your statement will be made part of the record without objection.

Mr. BURTON [presiding]. Once again, the Chairman has seen fit to yield the Chair to a young, good looking fellow like me.

We will now proceed with Mr. David Harris' statement.

Mr. Harris.

STATEMENT OF DAVID A. HARRIS, EXECUTIVE DIRECTOR, AMERICAN-JEWISH COMMITTEE

Mr. HARRIS. Mr. Chairman, thank you for affording the American-Jewish Committee this opportunity to present our perspectives on the current process, particularly at this critical stage in its evolution.

And I might point out, Mr. Chairman, that I will be excerpting from our prepared statement and would wish that the entire statement be submitted for the record.

Mr. Chairman, it is the belief of the American-Jewish Committee that Israel and its Arab neighbors, however slowly, however unevenly, are indeed moving toward a new era in the Middle East.

The Arab-Israeli peace negotiations, which began in Madrid in October 1991, do hold the promise of thoroughly and constructively remaking relations between Israel and the Arab world.

Our perspective is the result of 4 years of intensive experience with the peace process from Madrid to Moscow and some 47 years of close involvement with Israel.

The American-Jewish Committee has monitored the peace process from its inception and sought to advance its cause here and in other capitals.

And, Mr. Chairman, we have engaged in regular and detailed discussions on the process with senior officials both in Washington and Jerusalem as well as in the governments of Arab states from the Magreb to the Gulf.

Our analyses and our discussions with the principals engaged in the process here and in the region lead us to one conclusion: For all of its difficulties, Mr. Chairman, the peace process set in motion 4 years ago represents Israel's best chance to depart from the troubled course of modern history and achieve peace with its neighbors.

The difficulties on that road to peace cannot be minimized. The tragedies, the repeated terrorist attacks cannot be forgotten. Yet our support for the peace process and our trust in the judgment of the duly elected Government of Israel on matters pertaining to Israel's security are given in full awareness of the dangers Israelis face, indeed, have always faced in a region and among people still largely hostile to their existence.

It is not the intention of the framers of and participants in the peace process to simply dismiss the dangers and redefine the hostility of Israel's foes. Rather, its aim is to fundamentally alter the nature of relations between Israel and its neighbors to strengthen Israel's present and future security.

Mr. Chairman, future generations of both Jews and Arabs deserve no less an attempt.

In just 2 years since the signing of the DOP, those relations have already changed to Israel's benefit. Not only has peace been achieved with Jordan, but in diplomatic and commercial contacts from North Africa to the gulf have been established, eroding the economic boycott of Israel and laying the groundwork for future political and economic cooperation in the region.

Moreover, Israel's withdrawal from Gaza more than 1 year ago was not only an essential element in establishing a new relationship with the Palestinians, but it was and remains a highly popular decisions among Israelis themselves.

Mr. Chairman, in the American-Jewish Committee's support for the Government of Israel as it pursues peace with security, I know that a sister organization, the American-Jewish Congress, wishes to associate itself with my remarks today.

As we all know, progress on the Syrian and Lebanese tracks has been particularly difficulty whereas on the Palestinian track we re-

main cautiously hopeful that the intensive negotiations in Taba this week will shortly yield a second phase agreement.

We hope and expect that when concluded this critical next step in Arab-Israeli reconciliation will increase the Palestinian stake in forging a new and mutually beneficial coexistence with Israel.

Mr. Chairman, the American-Jewish Committee believes that the critical role played by the United States as facilitator, as supporter, and as honest broker for peace must be extended.

We call upon the Congress, Mr. Chairman, to continue to provide the President with the resources and the authority he requests in the Middle East Peace Facilitation Act and other measures that may come before this and the other body.

We believe that these efforts by the United States must be further enhanced by the critically important efforts of America's friends and allies in Europe, Asia, and the Middle East.

In expressing our support for this process, Mr. Chairman, the American-Jewish Committee articulates the views of the overwhelming majority of American-Jews, we believe.

In an attitude survey that we sponsored and that I understand has been the subject of some discussion here today, we found that 68 percent of American-Jews, more than four in five who expressed a view, support the Israeli Government in its current handling of peace negotiations. And 87 percent of the respondents endorse a continuing American role in the peace process.

Mr. BURTON. Mr. Harris, if I might interrupt. We have a pretty large panel. And we are trying to restrict the statements to 5 minutes, so if you could summarize, we would appreciate that.

Mr. HARRIS. Very well, sir.

I should note that there are those who are choosing to read selected data from our survey and employing those selected data to justify their own views on the peace process without examining the survey in its complex and compelling totality.

In the final analysis, regardless of their own justified fears and concerns, which are also revealed in the survey, Mr. Chairman, American Jews are willing to set aside those concerns in deference to the decisions made by the democratically elected Government of Israel.

Our survey, we believe, confirms the confidence that our community feels in that government, and its confidence as well in America's partnership with Israel in pursuit of peace.

We look to your committee, Mr. Chairman, to maintain that partnership; and we call on it to continue its vital support of the Government of Israel as it seeks and takes risks for a new era of peace with its neighbors.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Harris appears in the appendix.]

Mr. BURTON. Thank you, Mr. Harris.

We will now hear from Mr. Zogby.

STATEMENT OF JIM ZOGBY, PRESIDENT, ARAB AMERICAN INSTITUTE

Mr. ZOGBY. Thank you, Mr. Chairman.

My name is James Zogby. I am president of the Arab American Institute, and I serve as well with a former colleague of yours, Mel

Levine, as co–president of a project called Builders for Peace, promoting economic development in the West Bank and Gaza in support of the peace process.

Since the beginning of the peace process, it has become accepted as axiomatic that for the process to succeed, Palestinians must experience the benefits of peace.

It was understood that merely expanding economic opportunities would not be sufficient to make peace; but without economic growth, achieving peace would be impossible.

Seen in this context, there is a certain tragedy in witnessing the reality of Gaza and Jericho today. Where there was once great optimism and promise, there is now cynicism and despair.

The statistics alone are staggering. Unemployment in Gaza today stands at over 60 percent, a dramatic increase above 1993. Virtual reality projections from international bureaucrats aside, the major job creating infrastructure projects that were to have started have not yet begun; and open sewage remains a serious health hazard.

And as a result of the prolonged closures of Gaza's borders with Israel and the fact that no regular access or egress is available to Egypt or Jordan or the outside world, commerce has not expanded.

Yes, as some of the earlier witnesses testified, there is building in Gaza; but the buildings, like the young men in Gaza, remain waiting. There still is no power, no phones, no sewage, and no water.

While 2 years ago the per capita GNP of Gaza was $800 a person—in contrast with $14,000 per person in Israel and $1,600 per person in the West Bank—today Gaza is actually poorer than when peace was signed.

Surely something is very wrong. And while there is plenty of blame to go around, I do not believe finger pointing at the Palestinian Authority is helpful or correct.

It was simply unwise to assume that the Palestinian National Authority could create an accountable and an efficient state apparatus out of whole cloth. They lacked full authority; they lacked control over their own resources; they inherited neither a physical nor an administrative infrastructure.

It is a wonder that they have accomplished as much as they have. Remember, they were under occupation for 27 years.

Unlike recent transformations in South Africa, Russia, or Eastern Europe, Palestinians inherited no state or no functioning economy that provided them any element of self-sufficiency.

What was required to assist them was a FEMA-like approach to reconstruction. And what they got instead were observers, studies, pledges, unfulfilled promises of projects and blame.

I am pleased to note that our own Agency for International Development has recognized both the reality and the urgency of the crisis in Gaza and has taken steps to correct by reprogramming funds.

But the United States cannot do the job alone. Our 75 million sends an important signal of commitment to Palestinian society and the peace process. What are required are the billions of dollars that were committed but have not yet come.

Young Palestinians in Gaza and the West Bank want nothing more than to have a job, live a meaningful life, raise a family, provide for their children, and see their grandchildren prosper.

Their anger, all too often seen, is a product of despair. It is borne of the fear and frustration that they have no future and that they may not have a future.

If peace is to survive, we must attack this crisis with all the resources that we have available to us. Understand that building a comprehensive peace in the Middle East is like constructing a building that is an inverted pyramid. The foundation, the point on which the entire building rests, the ultimate stability of the process itself, is embedded in the sands of Gaza and in the rocky terrain of the West Bank.

But, unfortunately, no sooner did the process begin than attention turned to the more luxurious and promising fourth, fifth, sixth, and seventh stories of the building in Casablanca or Amman or in other places, while the foundation in Gaza remained unfinished. And what was started was in danger of collapsing.

Shimon Peres, Israel's Foreign Minister has said repeatedly that investing a dollar in the Palestinian economy is an investment in security of Israel.

And from the Palestinian view, each job created is a vote for peace and the leadership that made the peace possible.

If we do not do more and do it quickly, we are in danger of further eroding confidence in the process and endangering the entire edifice of peace.

I urge you not only to continue United States assistance to the Palestinians, but to remove from that assistance the encumbrances you place on it.

No sooner had the euphoria of September 13th passed when many in this body began, once again, to use the harsh language of the past to describe the Palestinian leadership.

That rhetoric sends the wrong message. It is neither edifying nor helpful. It says to the Palestinians they continue to be viewed with distrust and enmity.

To impose ever more severe compliance requirements on assistance to Palestinians without similarly conditioning at all United States assistance to Israel compromises our role.

If this body is to make a contribution to peace, it ought to send a message of hope and healing to Israelis and Palestinians alike. Do not import the anger and the fear of those who do not want this process to succeed.

Export, instead, our American commitment to a new reality and to a new relationship where Palestinian rights and security and Israeli rights and security are mutually recognized and mutually reinforced by American support for both peoples.

Thank you.

[The prepared statement of Mr. Zogby appears in the appendix.]

Mr. BURTON. Thank you, sir. I appreciate your sticking as close to the 5-minute time limit as possible so we can give everybody a chance to testify.

We will now hear from Mr. Fishbein.

STATEMENT OF RAND FISHBEIN, BOARD OF ADVISORS CENTER FOR SECURITY POLICY

Mr. FISHBEIN. Mr. Chairman, I would like to ask to revise and ask extend my remarks and that my full statement be included in the record along with some supplementary material.

Mr. BURTON. Without objection.

Mr. FISHBEIN. Thank you.

Mr. Chairman, my name is Rand Fishbein. I am here representing myself and the Center for Security Policy where I serve on the board of advisors.

Formerly, I served as the Special Assistant for National Security Affairs to Senator Daniel K. Inouye and as a Professional Staff Member of both the Senate Defense Appropriations and Senate Foreign Operations Appropriations Subcommittees.

Mr. Chairman, I wish to thank you for the opportunity to address the committee on an issue of critical importance to millions of Americans. The issue concerns the decision of this administration, with the support of Congress, to provide $500 million in assistance to the Palestine Liberation Organization.

In the 24 months since the Declaration of Principles was signed on the White House lawn, approximately $100 million in United States assistance has gone to support PLO activities in the administered territories of Gaza and Jericho. This has occurred without the usual accountability demanded of other recipients of U.S. foreign assistance and without the usual scrutiny of Congress.

Instead, we have been witness to a grand public relations campaign designed to convince even the most skeptical observers that one of the most notorious terrorist organizations of the 20th century has mutated into a democratic entity, respectful of law and order and fundamental human rights. This, of course, could not be further from the truth.

Even the chairman of this committee, Mr. Gilman, referred to a recent State Department report on PLO compliance as nothing more than a whitewash. A growing segment of the American public, if not a majority, is inclined to agree with him. As hours of recently recorded speeches of Yasir Arafat clearly demonstrate, he has no intention of abiding by a peace with Israel or any of the commitments he has made to our Government. He and his followers are bent upon using the Oslo accords, brokered with United States assistance, as a vehicle for waging a gradual war of annihilation against the State of Israel.

Incredibly, the President and many Members of Congress are prepared to underwrite this baffling policy by supporting an extension of the current law, the Middle East Peace Facilitation Act, or MEPFA, which would place virtually no conditionality on U.S. assistance to the PLO. Under MEPFA, the PLO is held to no clear standard of performance. Instead, it relies on the good faith intentions of the PLO. The strongest compliance provisions of MEPFA are in a Sense of Congress section that has no enforcement authority. Moreover, MEPFA permits U.S. funds to be channeled through international organizations such as the U.N. and the World Bank.

For years, the Congress and this committee have received harsh reports critical of the poor financial controls and widespread project mismanagement which often have plagued these organizations. To

make matters worse, Yasir Arafat has shown no inclination to modify the standard PLO practice of having all PLO assets secretly controlled and disbursed by him.

Still, the United States is prepared to support an approach that reduces, rather than enhances, congressional oversight of funds to the Palestinians.

The issue here is not one of the opposition to the peace process or even dissatisfaction with Israeli Government efforts to find a new method of coexistence with the Palestinians. Rather, the question is whether the United States will insist upon its own standards of conduct when it is called upon to render assistance to both parties.

I believe that it is imperative that the United States not lose sight of the need to hold the Palestinians to a strict level of both political and financial accountability, just as it does Israel, if the United States is to remain a credible player in the resolution of this and other conflicts.

However, time and again, this administration is prepared to overlook the PLO's wholesale violations of the Declaration of Principles in a headlong rush to float the current peace process on a bubble of cash. Already, this bubble is on the verge of bursting as the PLO flagrantly violates most of the solemn commitments it has made, not only to Israel but to our President and our Vice President as well. In a recent Luntz poll, 78 percent of all Americans surveyed stated that the PLO should be, "held accountable to its commitments and comply with the peace accords as a precondition for receiving the rest of the U.S. funds," end quote.

Simply put, should the United States buy peace at any price? Should we continue to pay for the privilege of Yasir Arafat remaining at the peace table? Or should we insist that he make good on his obligation to halt terrorism, to apprehend and extradite PLO members who have harmed Americans? And should he now account for the funds now streaming into his coffers?

We are all for peace. Make no mistake about that. But without compliance, there can be no peace.

Mr. Chairman, this committee now has before it, the opportunity to right some of the wrongs of the past. Pending before both Houses of Congress is the Middle East Peace Compliance Act of 1995, known as H.R. 1960 in the House and S. 915 in the Senate.

I ask that you act now and report this important piece of legislation out of committee with a strong recommendation that it be taken up for immediate consideration on the House floor. MEPFA, the current law allowing aid to the PLO, must be allowed to lapse when it expires on October 1. H.R. 1960 should be enacted in its place.

H.R. 1960, also known as the DeLay-Forbes-Saxton—and I hope, Burton—bill would deny funds to the PLO and the Palestinian Authority while permitting aid to go to the Palestinian humanitarian projects once, "substantial, material and timely" compliance has been achieved by the PLO. It recognizes that there is no real distinction between the PLO and the PA, both of which are controlled by Arafat.

H.R. 1960 requires that all funds be channeled through U.S. Government agencies and entities or American registered private voluntary organizations.

H.R. 1960 is a prudent, reasonable bill. Its provisions are grounded in precedents currently governing the allocation of U.S. foreign assistance. The bill strengthens the peace process and ensures comprehensive financial and administrative accountability over all U.S. funds flowing to territories under Palestinian control.

The bill also would require that the PLO provide compensation to U.S. victims of PLO terrorism and assist U.S. law enforcement in the apprehension and extradition of those responsible for such acts. As far as I know, there is no statute of limitation on the murder of Americans.

The only foundation upon which a true and lasting peace can be built is one in which the negotiating partners comply with the letter and the spirit of their commitments. The DeLay-Forbes-Saxton bill promotes peace by providing a strong monetary incentive for compliance. Without compliance, there can be no peace and certainly no U.S. funding.

Mr. BURTON. Excuse me, Mr. Fishbein, if you could summarize. We are trying to stay as close to the 5-minute limit as we can.

Mr. FISHBEIN. OK. I just have two more things.

Mr. BURTON. Thank you.

Mr. FISHBEIN. If the United States is to maintain its credibility in fighting worldwide terrorism, it cannot be seen to reward individuals who have American blood on their hands. Despite its alluring rhetoric, the PLO has proven with its deeds over the last 24 months that they are unreformed terrorists and continue to be a menace to civil society. Arafat himself continues to praise the suicide bombers of Islamic Jihad as martyrs and celebrates the spiritual leader of Hamas, Sheikh Yassin, as a prince.

Mr. Chairman, everywhere we turn today, the United States is demanding that rogue states and peoples comply with their international commitments. In Iraq, we insist that Saddam Hussein comply with U.N. resolutions. In Bosnia, we urge the Bosnian Serbs to heed Security Council decisions. In North Korea, we require compliance with IAEA rules and regulations.

Only with the PLO do we suspend our judgment, retreat from a moral posture, and shrink from that honorable determination that in years past has brought respect to America.

Mr. Chairman, members of the committee, it is not too late to chart a course that will bring honor to the United States, peace to the Middle East, and restore the moral authority and leadership of this illustrious legislative body in the area of foreign policy.

Your recommendation that H.R. 1960 be brought up for immediate consideration on the House floor would do just that.

Thank you.

[The prepared statement of Mr. Fishbein appears in the appendix.]

Mr. BURTON. Thank you, Mr. Fishbein.

We will now hear from Mr. Klein.

STATEMENT OF MORTON KLEIN, PRESIDENT, ZIONIST ORGANIZATION OF AMERICA

Mr. KLEIN. Thank you, Mr. Chairman. And thank you for the opportunity and the privilege of testifying before this distinguished committee.

My name is Morton Klein. I am the national president of the Zionist Organization of America. We are the oldest pro-zionist organization in the country, founded in 1897. We have over 50,000 members.

We want and yearn for peace with all of our hearts. I happen to be a child of Holocaust survivors. I know full well the result of terror and hatred. I have experienced it in my own family.

Until recently our own U.S. laws did not permit a dialog with the PLO, let alone giving Yasir Arafat and the PLO $500 million in foreign aid.

This was because Arafat and the PLO were a group of terrorists who had a long record of terror and murder, including the murder of over a dozen Americans, including our Ambassador to Sudan Cleo Noel, Leon Klinghoffer, and Gail Rubin, the niece of Senator Abraham Ribicoff; recently Alisa Flatow was murdered by Arabs, and the PLO refused to cooperate with FBI agents in investigating that murder. And Joan Devanny was murdered several weeks ago by Arabs. And the Arab PLO has refused to extradite the masterminds of this terrible attack.

Two years ago, the President and Congress decided to waive the laws against Arafat and the PLO believing that the PLO had sincerely transformed itself.

It is now 2 years, not 2 months, since the signing of these Oslo accords. The PLO has violated virtually every single aspect of these accords in both spirit and deeds.

They are required to, but have not, prevent terrorism. There have been about 200 murders of Israelis and others since the signing of the accord, a doubling of the murders of Israelis in this 2-year period compared to any 2-year period since the founding of the State of Israel. They have not disciplined PLO members who have committed terrorist attacks.

There have been virtually no trials since May 25 against Arabs who have committed attacks. And whenever there are trials, no Arab has been charged with crimes against Israel, only crimes against the PLO entity.

Arafat has almost never condemned attacks, two or three times in English in one sentence, virtually never in Arabic as far as we know. He has not changed the terrible covenant which has 33 clauses, 30 of which call for violence against Israel or the destruction of Israel.

They have not confiscated weapons from Hamas and other terrorists, and they have not renounced sovereignty, which is not permitted in the accords.

In fact, I have stationery here from Yasir Arafat himself which says "State of Palestine" in the upper right-hand corner, which is against the accords. And it has a picture of all of Israel as Palestine and their own emblem in the center of this. And this was dated March 1, 1994, well after the accords were signed.

And in his speeches, he continues to encourage terrorism and praise terrorists. The very night he signed the accords, he called this the phase plan; we will destroy Israel eventually later. He said it on Jordanian TV the night he signed the accords.

He calls for jihad via deaths. He praises terrorists as heroes and stars regularly in these tapes that I have right here.

And he recently, only last month, called for the savage war against Israel to continue until the last Palestinian boy and Palestinian girl—he is required to change the hearts and minds of the Palestinian people; and, instead, he incites terrorism and praises terrorists.

Bill Clinton himself, President Clinton, said bitter words have bitter consequences; and surely these bitter words of Arafat continue to encourage the continuing murder of Israelis.

And it is not just the PLO leadership. In polls among the Palestinian Arabs, almost half of them support continued armed struggle against Israelis. And two-thirds say we want to continue this until Israel is weak enough and then we will want to eliminate Israel entirely.

How is Yasir Arafat acting with respect to Hamas? He calls Sheikh Yassin his brother, the head of Hamas, and calls for his release. He calls Abu Marzook his brother and offers him safe haven in the territories. He is one of the founders of Hamas.

He gives significant amounts of money to Hamas. And he publicly says how it is important for Hamas' attacks to continue because this helps strengthen Israel's continuing in this peace process.

It seems to me in light of the fact that we are fighting for strong anti-terrorism legislation, what message are we sending when we send $500 million to the PLO which encourages terrorism and praises terrorists?

The ZOA is against any U.S. foreign aid to be given to the PLO as long as they do not comply with the accords, which means now. We think there should be a period of at least 6 months where aid is not given to see if they start to comply and show seriousness about peace.

We commend Congressman Engel and Congressman Forbes on bills which move in that direction.

And all we are asking is that this money be used as leverage to ensure strict compliance. This will help ensure the integrity of the peace process if there is to be peace.

What we are saying is that now is the time to put pressure, not later when Arafat has more territories and less incentives to comply with these accords. As long as the Arabs keep filling coffins, as long as the PLO speeches are filled with encouraging terrorism or praising terrorists, as long as the PLO keeps their commitments unfulfilled, U.S. taxpayer dollars should not be filling PLO coffers with $500 million in taxpayers' money.

If we do not hold Arafat's feet to the fire, we will continue to get peace agreements, but we will get no peace.

Thank you very, very much.

[The prepared statement of Mr. Klein appears in the appendix.]

Chairman GILMAN [presiding]. Thank you, Mr. Klein.

Mr. Richard Hellman, President, Christian Israel Public Action Campaign.

STATEMENT OF RICHARD HELLMAN, PRESIDENT, CHRISTIANS' ISRAEL PUBLIC ACTION CAMPAIGN

Mr. HELLMAN. Thank you, Mr. Chairman. It is a pleasure to be here today.

For the record, I think that it is a shame that Mr. Neal Sher and Ms. Ester Kurz of AIPAC had to sit alone. I would like the record to reflect that, if requested, I would have sat with them, because I am a broad-minded, liberal, tolerant fellow; and I think they are good friends.

Chairman GILMAN. Thank you. I do not know if they are still in the audience, but I am sure they will appreciate that.

Mr. HELLMAN. Yes, Thank you, Mr. Chairman.

In any event, we are the other Pro-Israel lobby. We are a registered lobby that represents the 70 million American Christians and many Bible believing Jews who stand up for Israel's Biblical and historic rights to all of Eretz Israel (the Biblical land of Israel).

Mr. Chairman, as my prepared statement and other materials that I have, which I would ask to be inserted in the record, will detail for you today, the Middle East peace process is badly flawed.

The recent maneuvers of negotiators have been marked by abject failure in terms of real progress toward peace and security, with the notable exception of the peace with Jordan.

In fact, the reports of the demise of the peace process may not be exaggerated, sad as this fact is.

Thus, I urge you and your colleagues in the leadership and membership of the Congress to exercise continued and strengthened oversight and exert leadership and policy strategy and formulation to govern the negotiators.

And in this regard, I have a legal memorandum on the constitutional authority of the Congress as a coequal foreign policymaking body, which I will submit for the record.

[The material was not ready at the time of printing.]

Mr. HELLMAN. On a personal note, I was privileged to live and work in Israel with my wife and children for almost 7 years. And in that respect, I would like to take great exception to virtually all of the testimony of Dr. Zogby. In fact, the Palestinian Arabs' economic, financial, environmental, and cultural progress was nothing short of stratospheric under the Israeli stewardship.

And the reason why they were in economic trouble is because of their riots and civil disorder all during the Intifada and to this present day.

To give credit where credit is due, we applaud the peace process between Israel and Jordan. However, while Christian and Jewish members of CIPAC nationwide and those of us in Washington continue to pray for peace, we are appalled by what, soon, sadly may be 200 deaths, plus many injuries, and much destruction caused by a torrent of terrorism unleashed upon Israel since the signing of the Oslo accords.

And we also abhor the equally devastating Arab-on-Arab violence and abuse of rights which are endemic in areas abandoned by Israel, due to Chairman Arafat's secret police and military forces.

These are sad truths, but they are truths that I need to bring before you today.

If this were not bad enough, when we witnessed the mild, pro forma, public remonstrances against terror by Yasir Arafat, we think it is most obscene of him to make these repeated comments to Arab and Islamic audience which actually incite terror, and to applaud and affirm the heroes and martyrs who perpetrate the indiscriminate, wanton, death, injury, and destruction of Israelis, Arabs, and, as we have heard today, even Americans, by bus bombings.

And so today, I would say that any of these calls for jihad or holy war point out that Arafat really is not a man of peace. It is sad that we have honored him. It is sad that we have given him foreign aid.

In this respect, at this point, Mr. Chairman, I would like to associate our organization with Rand Fishbein and his remarks to which I do not believe I could have taken any exception. I think that his support of the DeLay-Forbes-Saxton bill is laudatory; and we can endorse that with minor, if any, technical amendments. But I think that this is an excellent approach to tightening up on the funding of the PLO.

I would say, as we said in a rally and march before the White House the last week, it is time to say: "No more U.S. dough for the PLO! No more foreign aid for Arafat!" It is as if, after the Oklahoma City bombing, instead of going after the perpetrators, we were trying to figure out how to give them a piece of Michigan to appease them.

I think it is shameful. I do not think we should do this any longer.

Last, I want to turn to Hafiz al-Asad and the Syrian track.

Although Hafiz al-Asad, a brutal dictator, had the temerity and gall to insult our President publicly in Damascus not so long ago, now it seems that a well meaning but perhaps misguided Secretary of State is going to troop to Damascus again to meet with Hafiz al-Asad. I believe it is a shame to America. I believe it will not bring peace. I believe it will endanger Israel and Middle East peace, producing danger to Israel's legitimate rights and, indeed, to its national security.

And, indeed, we, Mr. Chairman, you and I and every American taxpayer, are going to be asked to pay the bill. We are going to be asked to put billions of dollars into that peace process to compensate Israel for having to give up the natural security of the Golan Heights and the border with Lebanon.

We also are going to be asked, as you know full well, from the secret plans in the Pentagon, the State Department, and the CIA—to put troops on the Golan Heights.

And I think it is time that we look at what it is going to happen based on existing plans in the administration and the Pentagon, State Department, other offices. There are plans. And I would like to ask that we, at some point, Mr. Chairman, have hearings to find out why we have not seen those plans for deployment of U.S. troops on the Golan Heights where they will be in great danger for the reasons we have heard today.

All this to appease an Arab dictator and help him obtain territory which he lost in a war of aggression in 1967, failed to hold after a later sneak attack on Yom Kippur, 1973, and to which he never had (and we have the historic backup on this) a legitimate, legal, or historic right to begin with.

And our State Department is busy trying to appease him. He has been promised a quick and easy exit from his prominent place on State's lists of nations that sponsor terrorism, violate human rights, traffic in international narcotics, counterfeit our currency massively, and much more.

Even by historic standards, this will give cynical, realpolitik, diplomacy a bad name if the Congress lets this charade of misguided statecraft continue without raising a loud and principled cry of outrage.

And anyone who thinks Hafiz—al-Asad just wants the Golan and that this then will become a peaceful area probably would have believed that Hitler would be satisfied with the Sudetenland.

Even if we need to talk to unsavory characters to make peace, I assure you that no smart buyer in the Middle East runs after a merchant to shower him with concessions, nor should we run after Asad.

Last, Mr. Chairman, I think it is time that we move our embassy to Jerusalem immediately. And we do not need to build a new building. You know that that this can be done, and the State Department can be compelled to do so.

We should put no further aid into the PLO. But we could, of course, as has been indicated, put it into projects under multilateral development banks (MDB's) and private voluntary organizations (PVO's).

We should insist that Syria get out of Lebanon and free that country from the illegal Syrian occupation by 40,000 troops and security officials.

And we should insist that any peace treaty with Syria and Israel provide for Lebanon's liberation, put no troops on the Golan Heights and insist that Asad really prove that he is a man of peace before he gets off the list that I mentioned.

Last, Mr. Chairman, I would like to wish you Shana Tova, a Happy New Year, to you and your colleagues and to all of Israel, a new year of peace, prosperity, and hopefully a real and lasting peace, not a false peace, and, God forbid, not any return to the hovering clouds of war.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Hellman appears in the appendix.]

Chairman GILMAN. Thank you, Mr. Hellman.

I know that all of the panelists join in a desire for a long-lasting peace.

Mr. Seymour Reich, President, American Zionist Movement.

STATEMENT OF SEYMOUR REICH, PRESIDENT, AMERICAN ZIONIST MOVEMENT

Mr. REICH. Thank you, Mr. Chairman.

I am the president of the American Zionist Movement, which is an umbrella organization for 21 zionist American groups in the United States.

And I am pleased to be here to support the adoption of the Helms–Pell version of MEPFA.

The American Zionist Movement adopted a resolution to that affect at its convention in January in Florida earlier this year.

I also would share with this group that I am the past president of B'nai B'rith International. And while I do not speak for B'nai B'rith here, I am also pleased to indicate that B'nai B'rith likewise supports this legislation that we hope the committee will adopt.

Chairman GILMAN. Mr. Reich, if I could interrupt, I have just been called to a leadership meeting, and I am going to have to excuse myself from the remainder of the hearing.

I just want to take this opportunity to thank our panelists. I know you are all busy and are all involved in very critical issues, and I cannot tell you how much our committee appreciates your talking the time to be here to give us the benefit of your thinking.

I am going to ask Mr. Burton, if he would be kind enough, to take the chair for the remainder of the meeting.

And, again, for any of the other witnesses who are in the audience, we thank you for being with us today. I think it has been a very thorough airing of some of the issues involved which will be beneficial to our committee.

Thank you, Mr. Reich.

Mr. REICH. Thank you, Mr. Chairman.

I was saying I am also a past chairman of the Conference of Presidents of Major American Jewish Organizations, which is an umbrella organization of 50 American Jewish groups in the United States.

And the Conference of Presidents has, likewise, supported the adoption of this MEPFA legislation.

But more than that, Mr. Chairman, we believe that it is in the interest of the American people, the American taxpayer, that this legislation is adopted.

To show continued support on the part of the Jewish community for this organization, I am pleased to illustrate to this committee that in Sunday's New York Times, this past Sunday, on the op-ed page, there was an ad placed by a group of organizations coordinated by the American Zionist Movement.

The headline says: "Prime Minister Rabin, we know that pursuing peace is risky. Not pursuing it is unthinkable."

But more than that, it says:

> To bring us closer to this goal, we support MEPFA, the Middle East Peace Facilitation Act, United States legislation which enhances Israel's security by ensuring compliance by the Palestinians with their agreements and advancing economic developments in the West Bank and Gaza to show Palestinians that peace can improve their lives.

Among the many organizations that signed this ad are the American Jewish Committee, Mr. David Harris to my left, who has already spoken to you; the American Jewish Congress; the Anti–Defamation League; B'nai B'rith, Hadassah; the National Jewish Community Relations Advisory Council; the World Jewish Congress; and many, many more.

Mr. Chairman, Israel will rely on its own security for its own protection. And while there may be distrust of the PLO and Chairman Arafat because he may not adhere to some of the promises that he made in the past, Israel is in the process of negotiating an agreement with them, the second phase.

And I think it is essential that aside from agreements there be economic enhancements to make certain that the Palestinians have the wherewithal, the ability to have economic benefits from this agreement.

Peace by itself is not enough. Economic benefits enhance peace. And the act that is before you will ensure compliance with the many provisions in this legislation which have been expressed before, concerns about the Palestinian Authority adhering to its agreement.

Mr. Chairman, the act contains compliance provisions. There are provisions on the part of the State Department, the President, to certify to the Congress whether the act is being complied with. And we have belief that the Congress can rely on those certifications.

It is not necessary to put money in escrow. It is not necessary to put conditions beyond that which is proposed in the Helms–Pell bill, which is a tightening of the legislation before you.

Congressman Engel earlier today asked a question of a panelist: If the United States pulls its money out, what impact will that have on the peace process?

My own answer is, it will have a severe impact. And not only on the process between Israel and the Palestinians but on our allies, the Japanese, the Germans, who have likewise offered financial commitments to make sure that peace is enhanced and peace is secure and peace is everlasting.

And I think the United States must, as the leader of the free world, continue to set an example with regard to peace in the Middle East.

Who said making peace is easy? But, Mr. Chairman, and this committee, do not make is harder. Your enactment of the legislation, of MEPFA, as embodied in the Helms–Pell bill will permit you and each of us to look at ourselves in the mirror some day in the future and say, we gave peace a chance; we supported enactment of this legislation which facilitated the dialog, which facilitate the agreements and will hopefully bring everlasting peace.

There will be obstacles. There will be dangers. There will be problems.

But we are confident in the democratically elected Government of Israel that it can protect itself, and it can negotiate those difficulties with the Palestinians.

So we hope, Mr. Chairman, that this legislation will be enacted.

Mr. BURTON [presiding]. I thank the gentleman.

I thank all of you for your comments. I will yield to my colleagues in just a couple of minutes. I have a couple of concerns that I would like to express.

During a couple of the panels before I raised a couple of issues which I will raise with you. Yasir Arafat is believed to be committed to this peace accord. However, I have read a speech. I would like to read you just one part of it. It says:

The Palestinian people are prepared to sacrifice their last boy and their last girl in order to wave the Palestinian flag. The soul and the blood we shall give for your sake, Abu Amar, so that the Palestinian flag will wave over the walls of Jerusalem, its mosques and its churches. . . .

It is a very lengthy speech.

I am sure that causes a great concern to a lot of people in Israel who have different views and objectives. And this does not sound like a conciliatory speech. I would like to read the whole thing to you, but I would not want to take the time to do that.

In addition to that, I brought up a while ago that Hamas and Hezbollah, it is believed to have been involved in a number of these terrorist attacks.

On September 1, 1995, it was reported that he gave $20,000 or more to a Hamas youth organization which they believe may have been involved in some of these tragedies.

One of the things that is of concern to me is support that we give in the way of aid for building up the infrastructure of the new Palestinian State at a time when these kinds of comments are being made.

If the Helms-Pell bill is not passed, yes, there would be no support for a PLO office; and, yes, there would be no fund for the World Bank for $40 million; but there would be a dialog with our State Department between them and the PLO; and NGO's would still get $35 million.

So I guess my question would be—probably to Mr. Zogby first—is there would be money that would go forth to assist in some of the problems that the PLO faces in the new Palestinian State. There would not be the amount of money that we have talked about in the past. But there are $8 billion, $8,000 million dollars, in financial institutions around the world that is controlled by the PLO, according to British intelligence. And we have done some checking; and the person that wrote that report says they stand by the report that that money is there.

Now, it seems to me, as I said before, with us having the financial difficulties we are having in this country, even though we are committed to the peace process, and we want to work with both sides, why should we send our money over there, especially in view of the fact that some of these statements or documents—this speech I was reading by Yasir Arafat was made in September, just earlier this month.

Why should we send that money over there when they have the money to rebuild the entire area if they choose to do so with resources that they have, and at the same time we still would be helping through PVO's.

So I would just like to ask you the question: Can you give me a reason why you think we ought to go ahead and send the money over under the circumstances that we currently have?

And should not we insist that Yasir Arafat temper his rhetoric a little bit?

I mean this kind of rhetoric is inflammatory, to say the least. It scares the dickens out of the people in this country; but I am sure it scares a heck of a lot more in Israel.

I have been to Israel. I know how small the country is. The threat of a war to once again be started to place the Palestinian flag over Jerusalem, I mean, I am sure is of great concern.

So anyhow if you would start off by answering some of my concerns, I would appreciate it.

Mr. ZOGBY. Mr. Congressman, I have not been to testify before this committee for almost 13 years now.

Mr. BURTON. Yes, sir.

Mr. ZOGBY. And one of the reasons why is because of the enormous frustration that those of us in the Arab American community feel in attempting to deal with the huge amount of misperception, with the difference in perspective, and with the lack of appreciation for the reality faced by Palestinians living under occupation who are now struggling for some normalized life with Israel.

I found it all too frustrating. And I guess I have to tell you today, I still find it frustrating. There are so many answers I can give to the questions that you ask. And I am not sure you have the time to hear them all.

Mr. BURTON. Do the best you can.

Mr. ZOGBY. Let me try with a few.

I have to tell you what an Arab-American thinks when he hears the question asked about PLO accountability or compliance—let us make it clear. There is not $500 million. There is $375 million. The other $125 million is the funny money of OPIC, none of which has been used. And some of us fear that OPIC may not be underwriting any projects for the 5-year period. So it is only $75 million a year and all of it is accountable. And, in fact, none of it goes directly to the coffers of the Palestinian Authority or the PLO. As disrespectful as we feel that is, it does not.

It is administered by private contractors here who are sometimes called Beltway Bandits in the States who bid on these projects, from AID officials they are the ones who get the contracts and administer them. According to the projections of independent observers, only about 20 cents on the dollar actually hits the ground in the West Bank and Gaza.

The money, according to AID, is fully accountable. They have a total and complete accounting for the money. The money that has gone to UNDP and other international agencies has similarly been fully accounted for. There is no problem with accountability.

And in recent discussions I had under the auspices of Builders for Peace with both the head of the World Bank Mission and the head of the United Nations, as well as with our own AID head in Tel Aviv, it was made very clear that they have no evidence of corruption or of a failure on the Palestinian side to account for money. They do not get the money.

And I would say from an Arab-American perspective, there is no accountability, as we know, for the $3 billion a year in aid that goes to Israel. And we are not here asking for that. We are not asking for a full GAO or AID accounting or administering of that funds in the same way that it goes to the Palestinians.

But understand that there is a problem—when Palestinians see all of this being done over their $75 million, which they do not get, and nothing is being said about the money for Israel. There is a question of fairness and perspective here.

On the question of the Hamas youth organization, understand every entity that receives money and operates in the West Bank and Gaza is licensed by the Israeli Civil Administration or had been licensed by the Israeli Civil Administration, including groups that have an affiliation with Hamas.

In fact, if you read the debate in Israel today, most of the Hamas-related entities that exist were encouraged to exist under previous Israeli Government administrations because they viewed the Islamic institutions as an independent alternative to the PLO because they thought these groups would distract people from the nationalist struggle.

All of those groups, in other words, operate with the full knowledge of the Israeli Civil Administration and have been licensed by them.

Where a group is affiliated with Hamas—and there is a very wide ranging set of definitions that could be given to that—there is no such thing as a Hamas youth group. What there will be is an orphanage or a school or a mosque or a hospital, in this case, a youth organization, that has an affiliation. In other words, it sympathizes with or allies itself to. Just like in Israel there are groups that will ally themselves with this or that faction or this or that party, although they are not under a party discipline as such.

In the case you are talking about, $20,000, I understand, money was going for a youth project. In the past, American PVO's have contributed to some of those entities. The Israeli Government itself has contributed to some of those entities. And now the Palestinian Authority similarly continues the practice of giving money for operating of programs, legitimate programs, to some of those same entities. It does not go to support violence. It does not go to support activity against the peace process.

In fact, even the witnesses here who complain about Palestinian Authority performance on the question of extradition or whatever, do not complain about the issue of control of anti-authority, anti-Palestinian Authority activity. They do not allow it.

And finally on the question of Arafat's speeches, understand, understand—and I cannot impress upon you and other members of the committee enough, you need to spend some time in Gaza. You need to spend some time in east Jerusalem with Palestinians. You need to go to Hebron and sit for just an afternoon in the marketplace in the center of the town and look at the stars of David and the death to Arabs and the Goldstein lives slogans written all over the walls, literally all over the walls, lining entire blocks of what was the teaming market of Hebron.

Understand the despair, the anger, the frustration, and the fact that even until this day the Palestinian Authority has no control over resources, water, land, access, and egress to the tiny—what one of our own American officials called little prison of the Gaza strip, no way in, no way out.

Try to go through the check points; and to understand the anger and the frustration that Palestinians encounter when they deal with the humiliation of that is to understand that, at times, yes, Arafat gives speeches that have an emotional content that say things that make you or I maybe feel uncomfortable.

I do not find in his speeches either an incitement against the peace process, against the commitment he made to make that peace process work. When he uses the term "jihad," he means something very different than you may understand it to mean.

And understand that the man has, in the 2 years, faced tremendous threats from those who do not approve of the fact that he recognized the State of Israel and committed to live in peace with that State of Israel.

Mr. BURTON. I appreciate your comment. I am going to yield to my colleagues just 1 second.

Mr. FISHBEIN. Mr. Chairman, could I just make a request?

Mr. BURTON. Well, the problem is I have used up my 5 minutes. I will come back and let you respond.

Mr. FISHBEIN. Well, I do not want to respond. I just simply want to make a request that you include the comments of Mr. Arafat that you have referred to in the records so that the public has an opportunity to study them.

Mr. BURTON. Without objection, they will be put in the record.

Mr. FISHBEIN. Thank you.

Mr. BURTON. But let me just say one more thing, and then I will yield to my colleagues from New York.

And that is, Muhammad Dakhlan, he is the chief of the PNA's general security, one of the parts of the agreement was that there would be a mechanism for people who were indicted by one government entity to be extradited—that is not a good term—but transferred for trial by the other.

I want to read to you a statement that was made by the chief of the PNA's general security real quickly. And this is after the agreement was signed. And the agreement was that there would be this transfer.

He said:

> We reached the decision and it was made at the highest possible level—so I presume he means Arafat—of course on the basis of Arafat's opinion that we will not extradite to Israel members of our people, including wanted members of Hamas. We are not willing that in our history books it will be written that we surrendered Palestinians to Israel. If we hand over members of our people to Israel, we will hurt the interests of the Palestinian Authority at the inner-Palestinian sector and in the Arab world and the Muslim world. Even if there is a clause in the agreement and Yoel Singer of Israel's Foreign Ministry can specifically point to it, we will not extradite members of our people to Israel. It is incumbent upon us to arrest those wanted and bring them to justice because we are the government.

The problem is there are 11 cases right now where this agreement has been violated.

I am going to have to yield to my colleagues, so we will come back to you so you can respond to that.

And while we all want the peace process to go forward—and I understand your concern about not wanting to testify for 13 years because you feel this glacial effect. I think there is a lot of us that genuinely want to see fairness, equity, and see this thing worked out and see the peace process work.

But after having said that, when we hear somebody who has been a terrorist in the past, Mr. Arafat, who has allegedly changed his colors and now wants to see peace and wants to see a Palestinian State work and the peace process to work, when we hear him make these kinds of speeches and we see in writing his chief of

general security make the statement that, yeah, we signed an agreement, but Arafat and I are not going to honor it, that really causes consternation, not because we are trying to take sides with the Israelis or with the Palestinians but because the agreement was signed, they shook hands at the White House, the President put his arms around both of them; and now all of a sudden we see these violations.

So please be patient. We will let you answer in just a moment.

I will now yield to my colleague, the gentleman from New York.

Mr. ACKERMAN. I am afraid there are two of us from New York.

Mr. BURTON. The good-looking colleague, Mr. Ackerman.

Mr. ENGEL. Oh.

Mr. BURTON. They are both good looking. Cancel that last remark.

Mr. ENGEL. That is all right, Mr. Burton, you will pay.

Mr. ACKERMAN. There is a price for everything, Mr. Engel.

I want to thank this very, very distinguished and articulate panel. I have been trying to catch up on reading some of the statements of those that I was not able to listen to.

After all the dialog and after we all make our political speeches from whatever vantage points we enjoy, those of us who are on this side of the room usually have to cast a yes or no vote on legislation or directions. And we just have to say yes or no, and we can make speeches and doctor it up any way we want afterward.

I am going to ask a question of the entire panel, and the question is this: If you were voting—and I will call the roll—if you were voting as to whether or not we should continue the peace process, in one word, would your vote be yes or no?

Mr. Reich.

Mr. REICH. Yes.

Mr. ACKERMAN. Mr. Harris.

Mr. HARRIS. Yes.

Mr. ACKERMAN. Mr. Klein.

Mr. KLEIN. Well, I——

Mr. ACKERMAN. It is a yes or no vote. I know it is difficult; but, you know, the bottom line is we have to do that in the end.

Mr. KLEIN. Well, Ezer Weizman is calling for it to be suspended. And——

Mr. ACKERMAN. I am not going to call his name.

Mr. KLEIN. I think the President of Israel——

Mr. ACKERMAN. I am not going to call the President's name.

Mr. KLEIN. Pardon me?

Mr. ACKERMAN. I am going to call Mr. Klein's name for a yes or no.

Mr. KLEIN. Well, I do not know how you answer that question with——

Mr. ACKERMAN. OK. Mr. Klein passes.

Mr. KLEIN. OK.

Mr. ACKERMAN. Dr. Ganchrow.

Mr. GANCHROW. I believe we should slow it down until we satisfy the arrangements for a proper peace.

Over the long run, 100 percent.

Mr. ACKERMAN. If you had to vote right now to continue the peace process or not to continue it——

Mr. GANCHROW. I could not vote on that because it is not worded in a way that I could——

Mr. ACKERMAN. Dr. Ganchrow passes.

Mr. Hellman.

Mr. HELLMAN. If I may observe, Mr. Ackerman, this is some what like, a PLO trial in Jericho: It is short and not sweet, there is no time for discussion, and the result appears foreordained. It does not take——

Mr. ACKERMAN. That is what happens under the new majority. I cannot help it.

Mr. HELLMAN. But it does not take place at midnight. Although I stayed up all night to get ready because you only gave 8 hours for preparation. So we may be better off in some other places.

Mr. ACKERMAN. I could appreciate the obiter dictum, but——

Mr. HELLMAN. I would say that the peace process must——

Mr. ACKERMAN. Yeah, listen, every——

Mr. HELLMAN. This is a Hobson's choice, Nothing——

Mr. ACKERMAN. OK. Mr. Hellman, if I might?

Mr. HELLMAN. If it is this peace process or nothing, I would say "yes."

Mr. ACKERMAN. Mr. Hellman.

Mr. HELLMAN. Yes. Even if it is this peace process——

Mr. ACKERMAN. Mr. Hellman, we all appreciate the enthusiasm with which you responded.

Mr. HELLMAN. It is better "to jaw and jaw than to war and war" as FDR said.

Mr. DORNAN. Churchill.

Mr. HELLMAN. You are a better historian, President Dornan. I stand corrected.

Mr. ACKERMAN. I believe everybody would say yes to a peace process. I am talking whether or not to continue along the path of this peace process.

And your answer is yes?

Mr. Zogby.

Mr. ZOGBY. Yes.

Mr. ACKERMAN. Mr. Fishbein.

Mr. FISHBEIN. Yes, but only under strong compliance standards.

Mr. ACKERMAN. Thank you very much.

There seems to be a great deal of concern about dealing with Mr. Arafat. And I am sure almost everybody has some reservations—or very, very, very grave reservations. If we were not dealing with Mr. Arafat, with whom should we be dealing?

Mr. Fishbein.

Mr. FISHBEIN. Well, I do not think that an individual who has demonstrated a total lack of——

Mr. ACKERMAN. That is why I ruled him out. Who should we be dealing with?

Mr. FISHBEIN. Well, I think the Palestinians have not yet had the opportunity to make that choice. Arafat has been imposed upon the Palestinian people.

I think the Palestinians should choose an individual who, frankly, has disassociated himself from terrorist acts.

But there has been no vote that has been taken in Gaza. There has been no vote that has been taken in Jericho.

Mr. ACKERMAN. You have no individual to suggest that we should——

Mr. FISHBEIN. Not at this point, no.

Mr. ACKERMAN. Mr. Zogby.

Mr. ZOGBY. Um——

Mr. ACKERMAN. You probably will disagree with the premise, but that is OK.

Mr. ZOGBY. I do. And I, therefore, suggest that one deals with the leadership Israel has chosen to deal with and who the Palestinian people have affirmed in repeated international and local fora as their leader.

We will have an election soon, hopefully, in the West Bank and Gaza. I am confident that Arafat will win. There are imperfections to the man, no doubt about it.

But understand that from the Palestinian perspective, they would look at Mr. Rabin and his past record and his current compliance record with the same mistrust.

These are enemies who have chosen a very brave thing, and that is to make peace with each other. And I think we have to be respectful of that and encourage both to continue on the path that they have chosen themselves and with their people.

So I do not agree with the premise of the question. I think he is doing as well as can be expected under the circumstances.

Mr. ACKERMAN. Let me ask you——

Mr. BURTON. I would ask you, Mr. Ackerman, to wrap up so we can get onto Mr. Engel. Go ahead.

Mr. ACKERMAN. OK, Mr. Chairman.

If I might ask you, you have made the suggestion that some of us should spend time visiting in Gaza talking to people. I did have the opportunity to do that recently.

Also, before doing that, I met in Jerusalem with Hanan Ashwari who had some rather critical things to say about Mr. Arafat. Without my repeating them all, I am sure you have seen and read much of that.

How do you respond to that criticism? Is it accurate? Is it objective?

Mr. ZOGBY. Oh, I think there are very serious problems that the man has in his dealings within the Palestinian community.

A part of the new paradigm that should have been developed after September 13 is not: Can Israelis trust Arafat, but do Palestinians trust Arafat?

He is the person that they need to work out a relationship with. And, in fact, there is——

Mr. ACKERMAN. Is there an answer to that question?

Mr. ZOGBY. There is a widespread—yes, I think that there is. And I think there is a widespread debate within the Palestinian community. And there has been a change——

Mr. ACKERMAN. As to whether or not they trust Arafat.

Mr. ZOGBY. Yes, I think that there are some who do not, and there are some who do. And there is a new working relationship. The election of a National Council in the territories. The election of an executive committee of that. And the empowering of ministries to be responsible to that consultative body, that elective

body I think will improve the performance of the Palestinian Authority.

There is a tremendous amount of internal Palestinian discussion about how to, in effect, rein in his arbitrary decisionmaking.

Understand there would not have been a signature in Oslo, there would not have been a peace agreement, had he not been arbitrary in his decisionmaking.

It never would have passed the National Council in Tunis. And I doubt seriously whether the Palestinian diaspora would have agreed either.

He made a courageous decision unilaterally. And Hanan disagrees with him for having made peace with Israel. That is the principal point to understand. The opposition of that secular variety, the elites in the West Bank and Gaza who are opposed to Arafat, are in large measure opposed to him because he made an agreement.

They did not think it was a good agreement, and they did not think an agreement should be made at all.

Our own Government disagrees with that, Mr. Ackerman; and the Israeli Government disagrees with it. And I think the majority of Palestinians disagree with that assessment and are glad that he made peace. They just want this peace to work, and they want the fruits of peace, economic and justicewise to be delivered unto them.

Mr. ACKERMAN. If you would, Mr. Chairman, I just do not want to misunderstand what Mr. Zogby is saying?

Mr. BURTON. Well, if your colleague, Mr. Engel, does not mind, we will let you go on for a little bit.

Mr. ACKERMAN. Oh, I just want to make sure that the Chairman does not mind as well.

Mr. BURTON. Well, I just want to make sure that everybody gets their time. Mr. Dornan would like to have a little time as well.

Mr. ACKERMAN. Eliot, would you mind if I went on for another minute or so?

Mr. ENGEL. Not at all.

Mr. ACKERMAN. What you are suggesting is that most Palestinians agree with Mr. Arafat's decision to embark upon a peace process, but there is widespread mistrust for him?

Mr. ZOGBY. No, I did not say mistrust. I said there is widespread discussion about the behavior and the performance of the Palestinian Authority.

And I believe that many of the issues that are currently being discussed, No. 1, have already produced some change in behavior and performance.

But, second, with the election of the National Council and with the election of the Executive Committee and the making of the various Palestinian ministries responsible to that elective body, I think will do a lot to improve behavior and will increase Palestinian confidence.

Mr. ACKERMAN. But does the Palestinian community trust Mr. Arafat?

Mr. ZOGBY. I think that they do for the most part, yes. As much as any people trust their elected leadership. I mean, I do not know if we would want to have every Member of this body or our executive branch here——

Mr. ACKERMAN. Well, you now have changed the premise to elected leadership, and there is a difference I think.

Mr. ZOGBY. Yes. He will be elected though. Make no bones about it. And I think his polling data will probably come out as good as almost anybody's here.

Mr. ACKERMAN. My opponent's pollster said the same thing.

Mr. ZOGBY. Pardon?

You know, there is a problem of cynicism in society today. You are experiencing it, no doubt, in your district and many others are as well. And the President of this country is. And I think that we are doing the best as we can as people in this society to deal with it. They are trying the same over there.

What they need is to be given a bit of a break. And they have not really been given that break.

Mr. ACKERMAN. Thank you, Mr. Chairman.

Mr. BURTON. Let me just say before we go to Mr. Engel that all of my constituents love and trust me.

Mr. ACKERMAN. That is because you tell them they are all good looking, Mr. Burton.

Mr. ENGEL. Let me just say that in the time that I have listened to the testimony, in my mind I have changed my thoughts in terms of what I would say about 10 times because there is too much to say, and there is too much pulling and tugging in different directions that it is very, very difficulty to really ask questions on a limited amount of time. But I do want to commend all of you, every one of you, for coming here and articulating your positions. I think it serves to really push the whole process forward.

Let me share a frustration that I have that those of you to whom I have spoken know.

I believe very much in the peace process. I think there is no alternative to the peace process, and I think a breakdown in the peace process really would be unthinkable because I think a breakdown in the peace process would mean the end of the possibility of peace in the immediate future.

On the other hand, I do feel very strongly that when you sign commitments, you ought to, to every extent possible, adhere to those commitments.

And while I understand the frustrations on both sides and the disappointments on both sides and the feelings of betrayal on both sides, I am a little bit taken aback.

I believe that leaders ought to lead. And if we all followed public opinion polls, we could probably do very well in our districts, but I think our people elect us to be leaders.

And it frankly disturbs me when I see those videos and see some of the rhetoric of Mr. Arafat. It seems to me that he ought to be leading his people in the direction of peace.

I understand that he is a politician and, like the rest of us, and needs to say some things for public consumption. We all do that from time to time. But one would also hope that he would be pushing his people's public opinion in the direction of peace if, indeed, that is what he believes.

Now, my frustration, frankly, on this committee is that I have introduced H.R. 1930, which we call the Middle East Peace Compliance and PLO Accountability Act of 1995. I believe very strongly

that we need to set very realistic thresholds. And I think that my approach, frankly, which has 20 bipartisan cosponsors in this House, is a good centrist bill which sets realistic thresholds to which Mr. Arafat can comply, and then U.S. aid will continue to flow.

If he does not comply, well, then I think it is his own fault if the aid stops because clearly my bill makes the threshold reasonable. There is no hidden agenda there to try to cut off money or anything else. I think there is a reasonable threshold.

We impose a dollar-for-dollar deduction for misspent funds, which is not in the Helms-Pell, MEPFA bill. We permit funding only through multilateral institutions which are transparent and open to outside audits.

We talk about past PLO terrorism because I think in order to have something for the future, one needs to take into account what happened in the past. And we hold the PLO to its own commitments, including the post–MEPFA Gaza–Jericho agreement of 1994. And there are other things.

My frustration has been that this committee has not marked up any bill. And, indeed, we seem to be marching down the line of Helms-Pell, which has originated in the Senate.

And while there was a lot of Helms-Pell to which I agree and think that perhaps is a good basis from which to start, I think there are other things that many of us, myself included, would like to add to that legislation; and I do not believe the way things seem to be going now that we are really going to have much opportunity to do that. I think it is going to be pretty much a fait accompli when it comes over here. And I am very saddened by it. Because I think that we have a lot of talent on this committee on both sides of the aisle, and I think that this committee should be really crafting legislation. And I hoped that my bill would be the basis of such legislation, but it does not seem likely.

I think the disagreement that many of you have, frankly, is where to put the threshold. I do not think—and Mr. Berman said it earlier this morning after I testified—I do not think that it is wrong or obstructionist to point out when people are not complying or when people are making statements that are not helpful to the process. I do not think that ought to be swept under the rug. I think that has to be brought out. I think that has to be part of the equation.

On the other hand, we do not want to use that as an excuse to blow up the process. And there is the dilemma. There is the dilemma that all of us are feeling.

So I do not know if I——

Mr. BURTON. Mr. Engel.

Mr. ENGEL. I am going to end, Mr. Chairman.

I do not know if I have a specific question other than to just thank each of you for contributing to the process; but one of the things that I do know is that I do not think that there can be automatic extensions. I think that we need to have a compliance, some threshold in there to make sure that everyone's feet are held to the fire.

And if any of you would like to comment on what I have said, I would be grateful. If not, again, thank you for coming and participating.

Mr. HARRIS. Just for a moment, Mr. Engel, with respect to your saying that you think we all are only interested in where to set the threshold, I thought that I had said clearly that I said I believe that we should cut off aid to the PLO. It is time and past time.

And that any humanitarian or economic development assistance should go through third parties where there is proper accountability.

Mr. ENGEL. Well, I thought you also said in response to Mr. Ackerman's question that you said, yes, you wanted the process to continue, you wanted a vote for a continuation of the aid.

Mr. HARRIS. Well, he gave us a Hobson's choice; and I believe a peace process and negotiations is better than none. But this is not a very high threshold for this peace process.

It has produced some successes. Early on they picked the low hanging fruit off of the tree; and then when they got to the tough going, the tough shredding, it has fallen on the rocks of Mr. Arafat's, I believe, willful, non-compliance, and co-option by continued terrorist elements and also on Asad's reluctance to come to the table unless he gets a deal like Sadat of Egypt got.

So I do not think the peace process is going anywhere. It is moribund on the way to being dead, and we may be witnessing the funeral here on Capitol Hill.

But I do say we should continue to negotiate, but I would say, in closing, that there are threats not only to Jewish interests but to christian interests. The ministers of the Palestinian Authority have threatened anybody but Moslems. They said that we cannot worship at holy sites like Hebron and Bethlehem and so forth unless we are Moslems.

Mr. BURTON. You have to excuse me. We are going to miss a vote here.

Excuse me, Mr. Engel. Mr. Dornan has been waiting for a long time since he is not a member of the committee.

So, Mr. Dornan, let me yield to you very briefly so you can make a comment.

Mr. ACKERMAN. Point of information, Mr. Chairman.

Will we be able to come back and continue?

Mr. BURTON. If the panel does not mind, we could come back and continue this dialog for another 15 minutes or so.

Does the panel mind if we come back?

OK. Mr. Dornan, why do not you go ahead and vote and when you come back, we will resume.

Mr. DORNAN. Mr. Chairman, let us go vote then. I thought out of courtesy we all were going to wrap it up, and I was going to ask two questions for the record.

Mr. BURTON. Are you willing to come back, then, too?

Mr. DORNAN. I will come back.

Mr. BURTON. OK. Then the committee will stand in recess. We will be back here in about 10 minutes.

[Recess.]

Mr. BURTON. The committee will be in order.

While we are waiting for our colleagues to return, I would like to enter into the record without objection a letter that Chairman Gilman received from mothers of children who were murdered by terrorist activities in Israel.

I will not read the whole letter, but the reason for the letter is to try to make sure that those who committed these atrocities are brought to justice. And that is one of the concerns they have is that many of those people who are alleged to have been involved in these terrorist activities have not been returned to Israel by the Palestinian authorities for trial. And it appears as though they will not.

So without objection, I will enter this into the record; and, hopefully one day we will be able to see that they get some justice for the loss of their loved ones.

So I will put that into the record.

[The information follows:] [1]

SEPTEMBER 19, 1995.

Hon. CONGRESSMAN BENJAMIN GILMAN,
Chairman, the House Foreign Relations Committee, Washington, D.C.

DEAR CONGRESSMAN, We are the mothers, grieving for our precious children, of blessed memory, who were brutally murdered by merciless terrorists as they innocently hiked the countryside of the land of Israel. We, as mothers, have never been active politically. For year we tirelessly and lovingly dedicated ourselves to raising our children. In one day our dreams were shattered when we received the bitter news that unconscionable murderers, with their knives in hand, savagely butchered our beloved offspring.

We turn to you at this critical hour as you chair the deliberations regarding the granting of financial aid to the Palestinian Authority. We beseech your assistance regarding one specific issue—the extradition of the murderers who were apprehended by the Palestinian Authority and are currently being held in Jericho.

According to the agreement signed with Mr. Arafat, the State of Israel has the right to obtain the transfer of murderers of its citizens in order to be tried in the courts of the State of Israel.

The State of Israel has turned to the Palestinian Authority and requested the extradition of the murderers. However, the Palestinian Authority has refused to comply and transfer the killers of our children to the Israeli authorities.

We are terribly pained, anguished and distraught by the Palestinian Authority's outright refusal to comply. We have turned to the Prime Minister, to Cabinet Ministers, and to members of the Knesset with our plea for compliance and justice. Yesterday we met with the President of Israel, Mr. Ezer Weitzman, who unequivocally stated to us his support of halting the peace talks as long as the Palestinian Authority refuses to comply and extradite the murderers to the State of Israel.

We look upon this issue of the extradition of the savage murderers of our children as not simply a political issue, but rather as a moral issue of the highest order.

The United States of America has been courageously battling terrorism for many years. In view of this honorable policy, it behooves this great country to insure the extradition of terrorists as a primary condition for the continuation of aid to the Palestinian Authority. Compliance with this matter by the Palestinian Authority will be a true test of the sincerity of the PLO, heretofore a terrorist organization, now professing to be a peace seeking organization.

We respectfully request the opportunity to appear before this most important committee which you chair. As mothers attempting to cope with the incessant pain of our losses, we wish to have a dialogue with you and the committee members. It would be scandalously immoral to provide the PLO with funds as long as they continue to refuse to allow the State of Israel the right to bring the terrorists to justice.

Dear Congressman, your intervention is our only hope. Our children cannot return to us. We dare not compromise their honor.

We would like to extend to you and to your family our best wishes for a happy and healthy New Year.

Sincerely,

YEHUDIT SHACHOR.

[1] Text of this letter also submitted by Congressman Peter King.

BILHA BACHRACH.
RIFKA FORER.
BATYA BACHAR.

Mr. BURTON. Gary, did you have any more comments that you would like to make? I will yield to you for 5 minutes while we are waiting on Mr. Dornan, if you would like.

Mr. ACKERMAN. Thank you very much, Mr. Chairman.

One of the great difficulties in most kinds of peace processes is that there is usually a party who is not faring well economically, sometimes devoid of hope and often in the midst of poverty.

Many claim that the situation on the ground is due, in part, to the fact that the Palestinian community is not faring well. And if things were better economically, if there were more employment, if people were more productive, if people were more engaged in the legitimate pursuit of economic advantages that that would, in itself, be responsible in some measure for defocusing from strife in this case with Israel and the Israeli authorities.

I do not know if you agree with that in total or in part. I do not attribute all the problems to that. But certainly I think many would say if the economic conditions on the ground improved for Palestinians, it would be helpful in advancing the process to some extent and bring things a little bit further.

How would you respond to that? And if you agree with it in any way, how do you do that?

Dr. Ganchrow.

Mr. GANCHROW. Well, first of all, as far as your first point that terrorism and fundamentalism comes strictly from economic causes, we have seen that in Japan, that that is not exactly so. So I do not think there is a direct ratio and relationship.

Mr. ACKERMAN. No, no, no. Let me just hone the premise a little bit. That is not what I intended to convey.

What I am trying to say is that very often in a great many places in the world, possibly in this place as well, that where people are devoid of hope, that that is soil that allows for the fomentation of social disruption and allows the seeds of fundamentalism to take root. Because if people cannot put bread on the table and have no prospect of doing so, then those who would sell them pie in the sky and do not have to produce in this life, do not have to show anything as far as what their promises and motivations and call for actions are, have a greater chance of selling their wares.

Mr. GANCHROW. I think over the long run, if we insist on full compliance, the economic picture for the Gaza and Jericho and other areas will improve primarily because other countries will realize that there is actually going to be peace and they are going to certainly want to invest economically.

In addition, the Israeli people are going to realize that the Palestinians mean business because they have made these steps of compliance, and they are going to reach out for peace.

So over the long run, it is in the long-term interest of the Palestinian people that there be full compliance and full carrying out of Oslo.

Mr. KLEIN. May I respond to that?

Mr. HELLMAN. Mr. Chairman?

Mr. KLEIN. Mr. Chairman?

Mr. HELLMAN. I think that what has happened——

Mr. ACKERMAN. Maybe each of you briefly.

Mr. Hellman, Mr. Zogby, Mr. Klein, Mr. Harris.

Mr. HELLMAN. Yes, if I may comment, I studied the situation, regarding the quality of life for the Palestinian Arabs in the territories, that is, in Gaza and in the West Bank—Judea and Samaria—and in Jerusalem, on two occasions, for the United Nations, under the auspices of the U.N. Environment Program; and each time my reports were accepted by their Governing Council, which was hardly a pro-Israel body.

And each time I found that under Israel's stewardship, the Palestinian Arabs had risen economically from, in the case of Gaza, the status of Bangladesh in 1967. They rose to the higher reaches of the developing world economically. So it is a canard that the problem here is economics.

In addition, what I found, which was particularly galling not only to the United Nations, delegates of 58 countries, who had to accept or reject my report, but also possibly problematic for Israel, was that, somehow, Israel had done better in terms of environmental factors considered, on an objective basis for the Palestinian Arabs of Judea, Samaria, Gaza, et cetera than they had done within their own pre-1967 boundaries.

And so I think that is it not an economic question first—or even foremost. The war in Bosnia occurred in a place where there was a European standard of living and so I do not think that economic development is what is needed.

I agree with Dr. Ganchrow that if there were security, if there were peace, if Yasir Arafat was using his reported 29,000 paramilitary troops to enforce security instead of to create an army to conquer Israel, there would be peace. And in would come economic development.

Earlier in the day, someone asked about the proposed hotel in Gaza. I think that you need to look at the hearing record that Senator Hank Brown wrote in the Senate Middle East Subommittee. As I recall—and I do not have that transcript before me—but I believe that Senator Hank Brown, chairman of the Middle East Subcommittee was extremely disappointed in the ability of the Palestinian Arab leadership even to mobilize funds which he had especially found for them from U.S. AID authorities.

Mr. ZOGBY. This is bizarre, Mr. Chairman.

Mr. HELLMAN. Excuse me. Do not interrupt me, please.

And also there is a problem—a very real human rights problem, not just for the Palestinian Arabs; and the security police are arresting Palestinian Arabs and interrogating them. There is a violation of human rights and——

Mr. ACKERMAN. Just briefly. Because we do have a lot of——

Mr. HELLMAN. And Christians and Jews cannot go to the holy sites of Judea, Samaria, much less Gaza, and tour guides will not take you even to parts of Jerusalem, today.

And the United States State Department issued an advisory warning against riding buses in Israel.

Mr. ACKERMAN. Mr. Hellman.

Mr. HELLMAN. The problem is security, not economic development, Mr. Congressman.

Mr. ACKERMAN. I appreciate your statement. It was not necessarily responsive to my question, which was basically: Is not the soil of poverty more fertile for the spread of fundamentalism or——

Mr. HELLMAN. No!

Mr. ACKERMAN. And I am not talking about religious Islam?

Mr. HELLMAN. And I am saying no.

Mr. ZOGBY. May I?

Mr. KLEIN. I thought I was next, if I may?

Mr. ACKERMAN. Yes, Mr. Klein. And then Mr. Zogby.

Mr. KLEIN. Prof. Amos Perlmutter, who teaches right here at American University—we are in Washington, right—is editor of the Journal of Strategic Studies recently wrote an article just on this issue where he said the real source of conflict in Gaza is not poverty or the horrible economy. He says the real problem is the rise of a radical nationalist and decidedly rejectionist movement dedicated to the destruction of peace and eventual formation of complete Palestine in Israel.

Other Arab journalists recently wrote that it is nonsense to claim that Islamic terrorism in Israel is the product of the poverty, backwardness, and ignorance.

He points out that there is a much larger percentage of people among university students that are members of Hamas than among the population as a whole. And we have seen this in past history.

Germany in the 1920's, Woodrow Wilson and others believed that if Germany could be reintegrated into the European economy, that would resolve the problem of Germany's threats against other nations.

And, of course, they were reintegrated. They became strong economically. And yet, as Donald Kagan points out in his book, "On the Origins of War," hatred, envy, honor, and other issues were very important; and that is why the Germans continued and made war, not the issues of economics.

The basis of the Arab war against the Jews is not economics and economics will not resolve it.

Mr. ACKERMAN. Mr. Zogby.

Mr. ZOGBY. A minor point first, Mr. Ackerman. I was not only present to testify at Mr. Brown's hearings, but I helped organize those hearings, myself and Mel Levine, as cochairs of Builders for Peace.

Senator Brown's anger was directed at the agencies of U.S. Government for not supporting a Palestinian American investor who had mobilized American, Palestinian, and other international support for a hotel but simply needed the underwriting of an agency of the U.S. Government to do so. His anger was not directed at Palestinians.

Second, there is present in this discussion a disturbing mean spiritedness and almost a dehumanization of Arabs and Palestinians. They are being viewed as objects. There is lost in this discussion the sense of——

Mr. ACKERMAN. Just for point of clarification, are you referring to the panel or are you referring to——

Mr. ZOGBY. I am referring to some of the comments that the panel has made, not yours. I think your question is an excellent one.

And, actually, if had not heard some of what I heard, I would have been able to very easily give an answer that I think might have surprised some members of the panel. And that is that one needs to look at the connection between violence and, in this case, developing the Palestinian economy, creating, as our President, noted when he ran in 1992, opportunity and hope, that helps combat despair. There is a way of understanding this on a number of levels.

First of all, the level of those who order the bombings. Those who order the bombings are not dissuaded by economic development. They have a political agenda. They manipulate the symbols of religion and distort the purposes of religion for the purpose of carrying out a war against the leadership that made peace on the Palestinian and Israeli side; and they have no political alternative to offer. They are enemies of peace, plain and simple.

Those, on the second level, who actually carry the bombs are greatly disturbed young people who I feel have, in fact, bought a bill of goods, pie in the sky, as you have referred to it, the promise of the rewards in the hereafter because they see no opportunity or hope in their present lives.

Even in that case, economic development may not help them because in some cases their lives are so broken and distorted that they are willing to commit suicide. Understand, they kill themselves as well as innocent Jews.

On the third level, which is in some ways the deeper problem, and that is the tens of thousands of young men in Gaza, for example, who will celebrate when the bomb goes off.

I can only remember 2 days after the signing in Oslo, Nabil Sha'ath, who was Minister of Economic Development in the Palestinian Authority, was on a TV show that I have here in Washington. And I asked him the question about violence and what he would do.

And he said, of course, they would punish the perpetrators. But he made this point. He said to me: "If this process works, and I believe that it will work, a year from now our young men will have jobs. Our farmers will have their land back. We will have water. We will have economic development. And we will be rebuilding the structure of our society that has been in disrepair for decades and decades."

"When the bomb goes off, thousands of young people," he said, "will turn against the bomber because the bomber threatens to take from them everything that they won."

What disturbs Nabil and me and many others who support peace today is the opposite occurs because the fruits of peace have not been realized by those thousands and thousands of young men; and, therefore, they have not seen progress. They have, in fact, higher unemployment today than before. The GDP of Gaza has gone down almost 20 percent since peace was signed.

And if you simply look at the map, the land did not return. What returned was Gaza City and some of the refugee camps; but most

of the fertile land is still in the hands of the Israeli settlers and water as well.

We can talk compliance two ways. I am not asking for compliance reports against the Government of Israel. I think it would be an interesting exercise, but I am not sure any of us wants to put our administration or Congress through it.

However, the fact is that water has not been evenly distributed in Gaza, even though the percentage of population in Gaza is 850,000 Palestinians to a few thousand Israeli settlers.

Land has not been returned either. And access and egress so that people can import and export has not taken place. There is not even egress regularized through Egypt.

There are real difficulties here. Economic development can make a difference. It will do one thing. It will increase the legitimacy of the Palestinian Authority, increase popular support for the peace process and isolate the people who have a political agenda to throw bombs. But it will not stop the actual bomb. It will isolate those who do it, and it will increase the legitimacy of the authorities so that the compliance you want will become easier because they will have greater popular support and legitimacy to do those things.

Mr. BURTON. Let me interrupt, Gary to allow our colleague, who has been waiting so patiently, a Presidential candidate from the great State of California, Congressman Dornan.

Mr. DORNAN. Thank you, Mr. Chairman.

Gentlemen, when one of the hard-working staffers of this committee, that I spent a decade on, brought me all this material, she said there will be a pop quiz this evening. And all of you poured out so much effort and work into our statements, and this is the nature of things around here and why I am glad we went an extra period of testimony after the last vote.

There is so much here that if we put it all together we could have yet another excellent studious book on the Middle East.

Now I have just come back from Slovenia, Croatia, Albania, Macedonia, and a couple of air bases in Italy.

I made about 16 trips to Israel at every level of conflict, and about 8 in Northern Ireland as a correspondent when you had more freedom than as a Congressman just to be by yourself and go off.

And I can remember going to Israel—and some of you may know these names, they are just filed in the back of my head. I have not seen them since. God Ranan was my contact in the foreign ministry. He would wake me up every morning: Good morning, Bob. This is God.

And since I was suffering jet lag, it always got my attention. He set me up with a person described in the British manner as a Senior Arabist. And his name was Israel Stockman. I do not know if he is still alive, but he had many friends in Nablus and Ramallah. We visited every city up and down the West Bank, lunch, dinner, spoke with a whole series of mayors. This was 1972.

I went back in 1977 with the chairman of this committee with a few intervening trips in between. A senior Member, chairman of Asian and Pacific Affairs, Lester Wolfe. We met with four mayors, including the mayors of Bethlehem, Ramallah, and Nablus. Two of them were murdered within a few years. One of them lost both of his legs and lived. And I have just watched this thing fester.

At the end of the 1972 trip, I went to Israel Pentagon's downtown Tel Aviv, and they said: Well, what do you think Mr. Journalist? I said: Give up Gaza and give it up as far as you possibly can. Help build them a little seaport and Mayberry-type from D-day and help establish Gaza U.

Do you know how many people were in Gaza then?

Two hundred thousand.

Who has got the current figure? How many people in Gaza today?

Mr. ZOGBY. Eight hundred thousand.

Mr. DORNAN. Eight hundred thousand. In 23 years, it quadrupled in size.

The people in the Israeli Defense Ministry agreed with me. They said, yes, we should give this to them. It has access to the sea. It is a tiny State. I used Luxembourg, Andora, Liechtenstein, Monaco and San Marino as an example.

I said you are not as big as Luxembourg, but it will be bigger than Liechtenstein. Do it.

Now we have done it way too late, and the problems in Gaza are a reaction, an angry reaction to the difficulty of trying to work out this confederation on the West Bank.

Now, this is my first question—because I do not think this is going to help—and darn it, there go the bells again. I understand that Arafat—and I have never understood a man who has as much trouble keeping his beard cut to about an 8-day growth, to look scruffy instead of letting it come out like a decent rabbi, monk, or Arab leader like Anthony Quinn in "Lawrence of Arabia." Let it grow. But do not try to look scruffy. I have never been a fan of his imagine or his life, of course.

But he wants to appoint Abu Firas, 48, responsible for the terrorist attack, in the capital's Jaffa Road in 1970's and was involved in the Munich Olympic's massacre in 1972. I was there 2 weeks before the massacre in Munich on my way to Israel. I was in Israel when the massacre took place. Talk about a pall of sorrow coming over a tiny country.

Then Prime Minister Golda Meir—I am quoting from 6 days ago, front page article, Jerusalem Post, by Uri Dan and Dennis Eisenberg, the authors of "The Mossad, the Secrets of the Israeli Secret Service." Pretty sharp guys. I have the book. I have not had a chance to really do anything but skim-read it.

They said that Golda Meir ordered Abu Firas and the rest of the PLO terrorists involved in the massacre to be hunted down and killed.

I understood that that was called Operation Gideon and that they got everyone. But, no, it appears that only three were released by the West Germans. But Abu Firas must have been a backup guy. He has had at least one attempt on his life before he sought shelter in Tunisia, and now Arafat wants to make him his chief law man in Ramallah.

And what is happening to the other largest city, Nablus? There, quoting the Post:

The second thug with the blood of both Jews and Arabs on his hands is Mahmoud Al-Aloul, based in Tunisia for many years. He was the overall commander of all PLO terrorists attacks in Sumaria. Arafat now wants him to be the boss of all police

and security affairs in Nablus. And he expects him to adopt the ruthless style of Jabriel Rajube, Arafat's security chief now, for Judea and Sumaria.

What can we expect except continued horror if all of these resurrected first degree mass murderers are being brought back to be the chiefs of police?

Out of fairness, if you would comment, sir, from the Alliance. And then anybody else can take a shot at it.

Do you believe the Jerusalem Post has good intelligence here, that these are the principal desires of Yasir Arafat to have these people become the marshals in Dodge City here? What is this?

Go ahead, sir.

Mr. ZOGBY. It is the Arab-American Institute, Mr. Congressman.

And, no, I do not necessarily believe the story.

Mr. DORNAN. Does anybody else think that this may be just bad reporting by the Post?

Mr. HELLMAN. No, I think this really is happening. I believe it is happening. And it is sad. There is no elected government. There is no democracy.

And in this respect, I think everyone here would say there should be elections and the sooner the better, free and fair elections so that the Palestinian-Arabs can choose a real government, come to a constitution or the like, for their autonomous area. And I think that would be the answer.

But in the meanwhile, it seems like there are all kinds of factions, including these security risks and perpetrators of terror from the past who come back, and Yasir Arafat and others are building power bases. And they are using for their power base the people whom they have known and with whom they have worked over the years.

Mr. ZOGBY. Those that Israel has specifically objected to, Mr. Congressman——

Mr. GANCHROW. I think it is going to be good for the economy because they can have a convention of mass murders.

Mr. ZOGBY. This is disgraceful rhetoric. I really think it is disgraceful rhetoric, and it is not contributing one bit either to understanding in this body, understanding to the American people; and it is not contributing to the peace of Israel.

And I think it is really a shame that it goes on.

Mr. DORNAN. I have always had great——

Mr. BURTON. I think it is time for everybody to answer the questions directly. But I hope that——

Mr. ZOGBY. And try to be respectful.

Mr. BURTON. Yes; we do not get into that.

Mr. DORNAN. I have always had great respect for the Arab-American Alliance. I always found them to be truly dedicated to peace. And if you say that you do not believe these stories, I know that is your best judgment. And I hope you are right because it is not going to solve anything to bring in people except courageous—even if it has to be younger men who are dedicated to——

Mr. ZOGBY. Mr. Congressman, if every story that was written about you was without an effort on your part——

Mr. DORNAN. I would be a monster.

Mr. ZOGBY [continuing]. To be able to respond, you would be in trouble. And we all would be in trouble.

The fact is that a newspaper story neither is sufficient for accusation or conviction. Nor should one judge the entire process based on Uri Dan's reporting. Uri Dan has a long record of this kind of stuff. And the fact is that you have to look at the facts and seek to find both sides of the story.

I cannot comment because I do not know it. But Uri Dan is notorious for this.

Mr. HELLMAN. Mr. Dornan, I think the problem is that there is no democracy and no respect for human rights. And without any disrespect to my fellow panelist, Jim Zogby, something was said that there is a hateful atmosphere or you said something about the atmosphere being wrong. I do not believe that anybody on this panel, much less any of the members of this committee harbor anti-Arab or anti-Arab-American or anti-Palestinian-Arab prejudices.

The point is that the Palestinian-Arabs are the ones who are suffering under these security people who have been brought in from military organizations and from terrorist and security organizations of the past.

It is not just of the Jews who have their rights affected and it is not just the Christians who cannot travel freely. I mean for example, we used to go to Hebron. We do not do that any more. Before that we used to go Nablus, Sheckrem to Jacob's well. We do not go there any more, although it is mentioned often in the Old and the New Testament.

Today we even bypass Jericho, a lovely town. I am not saying that it is because of Arafat or whatever, but it is because the process is faulty, flawed, and not working.

I think there is a security vacuum and gap where nobody is protecting the people adequately, not protecting the Jews, and not the Christians. There is a report that I could provide for the record of someone who converted to Christianity—I do not know if his faith was relevant or not—from Islam. And then he was persecuted in some way. These kinds of things are happening. Due to an international outcry, he was released, and he is on the way to Canada.

But there also is persecution of Arabs who are charged with being "collaborators," a collaborator being either someone who actively——

Mr. DORNAN. But that is why all these mayors were killed years ago because——

Mr. HELLMAN. Yes, they were either collaborators——

Mr. ZOGBY. No, that is not why the mayors were killed. They were victims of car bombings by extremist right-wing Jews. And the Jews were arrested for it.

Mr. HELLMAN. I am just saying there need to be some effective security measures.

Mr. DORNAN. Wait 1 second. Jim made a point that I did not——

Mr. ZOGBY. Mr. Congressman, those mayors were friends of mine. And they were killed by——

Mr. DORNAN. By Jewish terrorists?

Mr. ZOGBY. Yes.

Mr. DORNAN. And there were trials?

Mr. ZOGBY. Jews were arrested for it. They were not killed—Fahd Qawasme was not killed for being a collaborator. He was, in fact, the only one of the mayors who was killed by Palestinians.

And we condemned that group and we still—none of us in the Arab-American community will deal with that group because of that heinous killing.

Mr. DORNAN. Right. Let me——

Mr. ZOGBY. But the other mayors who you are pointing to who are killed were killed by car bombings right wing extremists in Israel, and the Israeli Government arrested and punished the people who did it.

Mr. DORNAN. The bells are going to go off any time for a second vote, and Gary Ackerman wants to do a final question.

Let me ask something—and it may have already been asked, because the chairman is doing great work on this, and I do not know if we had a roundrobin on the panel on this or not—but British intelligence supposedly has ferreted out—and they will not give us the intelligence is what I am hearing, outside of my committee responsibilities; I have not checked this out in the Intelligence Committee—but they are not telling us where they got the information, but that the PLO has $7 or $8 billion in bank accounts around the world.

Has this been discussed? Did you bring this up, Mr. Burton?

Mr. HELLMAN. Mr. Chairman.

Mr. BURTON. I——

Mr. HELLMAN. Yes, it was asked. We asked Chairman Gilman to make that study. And, thankfully, he did. And our reports from other witnesses and other sources are that Yasir Arafat and the PLO have at least $8 to $10 billion as estimated by the British National Criminal Intelligence Service and one $1.5 to $2 billion annual cash-flow. And we still do not have any of the answers.

You were not here this morning, but there was a funny colloquy between Mr. Kelley from the GAO and the chairman which basically came down to the fact that the CIA clamped a secret classification on this and, therefore——

Mr. ACKERMAN. Excuse me. I need to interrupt.

Mr. HELLMAN. Even the letter saying why it is secret is secret.

Mr. DORNAN. I will yield back the balance of my time, Mr. Chairman.

Mr. BURTON. Well, I was just going to say, we have 5 minutes left on this vote. So, Gary, if you have something to say, you need to say it pretty quickly.

Mr. DORNAN. Oh, that was the second bell.

Mr. ACKERMAN. I want to thank the panel. I just would like very much, Mr. Chairman, because we have some rather strong personalities on this panel, some of whom have gotten generous shares of time. Mr. Harris has not had the opportunity to say one word here, waiting very, very patiently. And every time he is about to speak, somebody else jumps in and takes 6 minutes to answer a question, which is important. But I think I would like to hear something from Mr. Harris.

Mr. HARRIS. Thank you, Mr. Ackerman.

Mr. ACKERMAN. And I would also Mr.—I guess both ends of the spectrum and both ends of the table said very little also.

Mr. DORNAN. Can we come back?

Mr. BURTON. If you will let me interrupt, we have less than 5 minutes.

If you gentlemen are willing to come back again for the summation, that is fine with me. But the panel has been imposed upon for some time now.

Mr. ACKERMAN. Well, would you folks be willing to return?

Mr. FISHBEIN. Mr. Chairman, I would just like to suggest that we have additional sessions like this. I think this has been a very useful hearing.

And it is unfortunate that this is the first one in 2 years to address this issue. I think the panelists here, if I am not mistaken, would probably like to come back another day to go through some of these issues. They are very complex issues. And I think it is worth the committee's time to do this on another occasion as well.

Mr. ACKERMAN. Can we hear from Mr. Harris?

Mr. HARRIS. Thank you.

Mr. ACKERMAN. Does the panel want to return? Or did you want to—I think people have flights.

Mr. HARRIS. My statement will be less than 30 seconds, Mr. Chairman.

Mr. BURTON. OK, Mr. Harris.

Mr. HARRIS. But I did not want the record to show that there was a penalty for politeness.

Mr. HELLMAN. I will return if you have a panel.

Mr. HARRIS. Mr. Chairman, I would just like to make a concluding remark, and that is to represent, again, the views of the American Jewish Committee in all of this.

Perhaps, unlike some here today, we trust the Israeli democratic process and we trust the Israeli Government. There is a lot of second guessing here going on about the Israeli Government's strategy.

I do not question the right of people to second guess; but I do believe that in the final analysis, Israel has shown itself fully mature and capable of reaching its own decisions pertaining to its security.

I trust the Israeli Government, therefore, to pursue what it considers the best path for peace. And I trust the Israeli Government to pursue what it believes to be the best path to its own security.

There is a race against time both in the peace process and in the Arab world as well: In the Arab world, between the so-called moderates and the so-called fundamentalists.

This country, the United States, has a stake in seeking to ensure that the moderates win. And the moderates, together with the peace process, represent our best hope.

Therefore, while we do not get to choose the enemy with whom we negotiate, Mr. Chairman, I believe in the final analysis, this is the enemy, and flawed though he may be, we have an historic opportunity here to pursue the peace process as best we can.

And I urge, therefore, that this committee continue to do all that it can to support that peace process and support Israel's ability to defend and secure itself both for the pursuit of peace and the pursuit of its own security.

Thank you, Mr. Chairman.

Mr. BURTON. I will urge the Chairman to have further hearings like this.

I thank you all for being here. You did a great job, and I am sorry we have to rush.

[Whereupon, at 3:32 p.m., the committee was adjourned.]

APPENDIX

THE HONORABLE DAN BURTON
COMMITTEE ON INTERNATIONAL
RELATIONS
SEPTEMBER 20, 1995

INTERNATIONAL RELATIONS COMMITTEE
HEARING ON THE MIDDLE EAST PEACE PROCESS

THANK YOU VERY MUCH MR. CHAIRMAN. I COMMEND YOU FOR CALLING THIS HEARING ON A MATTER OF VITAL IMPORTANCE TO UNITED STATES INTERESTS, IN SUCH A TIMELY FASHION.

I THINK IT IS QUITE SAFE TO SAY THAT ALL OF US DESIRE TO SEE A REAL PEACE IN THE MIDDLE EAST. THE PEOPLE OF THAT LONG-SUFFERING REGION DESERVE IT, AND THE WHOLE WORLD WOULD BENEFIT GREATLY FROM IT.

THE QUESTION IS: WHAT IS THE NATURE OF PEACE, AND IS THIS CURRENT PROCESS CONTRIBUTING TO IT. WE MUST BE WARY OF POLITICAL IMPERATIVES, WHETHER IN ISRAEL OR THE UNITED STATES, INTERJECTING THEMSELVES AND TAKING US ALONG THE WRONG PATH, IN THE NAME OF PEACE.

WE ARE ABOUT TO WITNESS THE SIGNING OF THE SECOND ROUND OF AGREEMENTS BETWEEN ISRAEL AND THE PALESTINIANS. IT IS WORTH ASKING OURSELVES: "HOW WELL HAVE THE AGREEMENTS WORKED THUS FAR?" I AM AFRAID THAT THE ANSWER WOULD NOT BE A VERY ENCOURAGING ONE.

ONE OF THE MAIN OBJECTIVES OF THE OSLO AGREEMENT WAS THE REDUCTION OF TERRORISM. IN FACT TERRORISM AGAINST ISRAELIS HAS INCREASED SIGNIFICANTLY. IN THE TWO YEARS SINCE THE OSLO AGREEMENT WAS SIGNED WITH THE PLO, THERE HAS BEEN A 73% INCREASE IN THE NUMBER OF ISRAELIS KILLED BY PALESTINIAN TERRORISTS.

THERE ARE SERIOUS DOUBTS ABOUT WHETHER THE PLO IS ACTING IN GOOD FAITH AND REALLY COMPLYING WITH THE COMMITMENTS IT MADE IN THE OSLO AGREEMENT. IN FACT, PEACE WATCH, AND OTHER INDEPENDENT ANALYSTS DOCUMENT A SYSTEMATIC PATTERN OF PLO NON-COMPLIANCE WITH THE OSLO AGREEMENT AND OTHER COMMITMENTS.

THIS BRINGS ME TO THE CRUCIAL ROLE BEING PLAYED BY THE UNITED STATES. IN THE EUPHORIA OF THE DAYS AFTER THE OSLO AGREEMENT WAS SIGNED, PRESIDENT CLINTON ASKED THE CONGRESS FOR AUTHORITY TO GIVE $500 MILLION IN ASSISTANCE TO THE PALESTINIAN AUTHORITY, WHICH IS IN ESSENCE, THE PLO. THIS AUTHORITY WAS GRANTED IN THE FORM OF THE MIDDLE EAST PEACE FACILITATION ACT. I MIGHT ADD THAT THIS ACT WAS PASSED BEFORE THE ELECTION OF THE REPUBLICAN MAJORITY.

I WOULD VENTURE TO GUESS THAT VERY FEW AMERICANS ARE AWARE THAT THE ADMINISTRATION IS GIVING $500 MILLION TO THE PLO, AN ORGANIZATION WITH A DUBIOUS TRACK RECORD TO BEGIN WITH. IF WE ARE INDEED EMBARKED ON A NEW ROAD LEADING TO A NEW TOMORROW, WE SHOULD EXPECT

THE PLO TO BEHAVE VERY DIFFERENTLY FROM THE WAY THEY ARE INDEED BEHAVING.

IF TERRORISM WAS A THING OF THE PAST, WHY IS THE PLO NOT DOING MORE TO COMBAT TERRORISM, TO RENOUNCE TERRORISM, AND TO EDUCATE ITS PEOPLE IN THE LANGUAGE OF PEACE? JUST A FEW WEEKS AGO, YASSER ARAFAT WAS CAUGHT ON VIDEOTAPE EXTOLLING THE VIRTUES OF A NOTORIOUS TERRORIST WHO PERPETRATED THE INFAMOUS COASTAL BUS MASSACRE OF 1978.

FURTHERMORE, THERE IS STRONG REASON TO SUSPECT THAT THE PLO HAS CONSIDERABLE ASSETS OF ITS OWN STASHED AWAY. ACCORDING TO BRITISH INTELLIGENCE, THE AMOUNT MAY BE AS HIGH AS $7 BILLION OR MORE. LASTLY, RELIABLE REPORTS HAVE SURFACED THAT INDICATE THAT THE PLO IS ALREADY MISUSING DONOR FUNDS AND ENGAGING IN FRAUD.

FOR THESE THREE REASONS: LACK OF COMPLIANCE WITH THE ACCORDS, THE LIKELY POSSESSION OF CONSIDERABLE ASSETS, AND THE LACK OF ACCOUNTABILITY, IT IS HIGHLY INAPPROPRIATE, INDEED OUTRAGEOUS, FOR AMERICAN TAXPAYERS TO BE FUNDING THE PLO. SUCH FUNDING SHOULD BE STOPPED IMMEDIATELY UNTIL THESE ISSUES CAN BE PROPERLY ADDRESSED. IT IS NO LESS THAN OUR SOLEMN DUTY TO THE AMERICAN PEOPLE TO SEE TO IT THAT THIS IS DONE.

PEACE CAN ONLY BE ACHIEVED BY EXPECTING ALL THE PARTIES TO AN ACCORD TO ABIDE WITH THE LETTER AND THE SPIRIT OF THEIR COMMITMENTS AND BY REFRAINING THE SORT OF SELF-DELUSION THAT HAS CHARACTERIZED THE ADMINISTRATION'S APPROACH TO ARAB INTENTIONS TOWARDS ISRAEL.

I CANNOT CONCLUDE MY REMARKS, MR. CHAIRMAN, WITHOUT MAKING REFERENCE TO ONE MORE ISSUE THAT IS VERY TROUBLING TO MANY OF US: THE POSSIBILITY THAT U.S. TROOPS MAY BE DISPATCHED TO THE GOLAN HEIGHTS.

LET ME SAY, FIRST OF ALL, THAT THIS MEMBER OF CONGRESS SEES VERY LITTLE EVIDENCE THAT ANYTHING IS REALLY NEW IN DAMASCUS. SYRIA IS STILL A REPRESSIVE POLICE STATE ENGAGED IN HORRIFIC VIOLATIONS OF HUMAN RIGHTS AGAINST ITS OWN PEOPLE. HAFEZ AL-ASAD IS STILL HEAVILY INVOLVED IN NARCOTICS TRAFFICKING AS WELL AS TERRORISM. HAMAS, HIZBULLAH, AND ISLAMIC JIHAD ARE ONLY A FEW OF THE TERRORIST GROUPS RECEIVING AID, COMFORT, AND SAFE HAVEN FROM SYRIA.

THE NOTION THAT U.S. TROOPS MAY BE PUT IN HARMS WAY IN ANY AGREEMENT OVER THE GOLAN HEIGHTS, IS, TO PUT IT MILDLY, VERY TROUBLING.

ALLOW ME TO JUST QUOTE THE CONCLUSION OF A STUDY COMMISSIONED BY THE CENTER FOR SECURITY POLICY BY 11 DISTINGUISHED DEFENSE EXPERTS, INCLUDING 6 FORMER MEMBERS OF THE JOINT CHIEFS OF STAFF: "THERE IS NO MISSION OR RATIONALE FOR A U.S. PEACEKEEPING FORCE ON THE GOLAN THAT WOULD JUSTIFY THE RESULTING COSTS AND RISKS. INDEED, THE NET EFFECT COULD BE NEGATIVE FOR ISRAEL'S SECURITY AND REGIONAL STABILITY, WHILE THE CONSEQUENCES COULD INCLUDE THE LOSS OF U.S. LIVES AND, POSSIBLY, A CREDIBILITY-DAMAGING RETREAT OF THE U.S.

FORCES UNDER TERRORIST FIRE. IN ANY EVENT, SUCH A DEPLOYMENT WOULD INCREASE THE DANGER OF DIRECT U.S. INVOLVEMENT IN A FUTURE MIDDLE EAST WAR AND UNDERMINE ISRAEL'S STANDING WITH THE U.S. PUBLIC AS A SELF-RELIANT ALLY.

IF ISRAEL WITHDRAWS ON OR FROM THE GOLAN, IT WILL BE REQUIRED TO ADOPT MEASURES TO COMPENSATE TO THE EXTENT POSSIBLE FOR THE MILITARY RISKS INHERENT IN RELINQUISHING THE TERRITORY. IT WILL HAVE TO CONSIDER: INVESTMENT IN MORE SURVEILLANCE ASSETS; HIGHER SUSTAINED READINESS FOR AIR AND OTHER FORCES; A LARGER STANDING ARMY; AND MEANS AND METHODS TO INCREASE THE SPEED OF MILITARY MOBILIZATION. ALL SUCH MEASURES ENTAIL LARGE COSTS--POLITICAL AND SOCIETAL AS WELL AS FINANCIAL. A U.S. FORCE DEPLOYMENT TO THE GOLAN WOULD NOT SIGNIFICANTLY REDUCE THOSE COSTS. INDEED, ONE OF THE DANGERS OF SUCH A DEPLOYMENT IS THAT IT MAY CREATE A FALSE SENSE OF SECURITY IN ISRAEL AND DISCOURAGE THE INVESTMENTS NECESSARY TO ADDRESS SUCH RISKS. THIS WOULD NOT SERVE U.S. INTERESTS, MUCH LESS ISRAEL'S."

MR. CHAIRMAN, IT DOES NOT SERVE THE CAUSE OF PEACE TO IGNORE REALITY, AS INCONVENIENT AS IT MAY BE. TRUE PEACE IN THE MIDDLE EAST CAN ONLY BE ACHIEVED IF ALL THESE FACTS ARE FACED SOBERLY, AND HONESTLY.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY.

REP. MICHAEL P. FORBES
TESTIMONY BEFORE THE INTERNATIONAL RELATIONS COMMITTEE
ON THE MIDDLE EAST PEACE PROCESS
SEPTEMBER 20, 1995

Mr. Chairman,

Thank you very much for allowing me this opportunity to address the committee today. As many of you know, I have had an intense interest in the Middle East for many years and am a staunch supporter of our ally Israel.

Mr. Chairman, I, like most Americans, was delighted two years ago when the Oslo Accords were signed and a chance for a lasting peace was finally within sight. The long struggle for peace in this troubled yet crucially important region had finally reached a breakthrough. And despite a lifetime of mistrust of the PLO and a revulsion toward their terrorist tactics, I originally supported the Clinton administration's promise of U.S. assistance to the Palestinians. There was no question that the Palestinians faced severe socioeconomic problems, and anything we could do to help solve those problems and thereby promote stability in the region seemed to be a worthwhile gamble.

But Mr. Chairman, most of us were under the impression that the PLO would have to meet at least a minimum standard of behavior before the aid would start flowing. Unfortunately, that does not seem to be the case. It would seem to me that that minimum standard should be the Oslo Accords themselves, in which the PLO made a number of pledges, none of which has been met. It is an open secret that the PLO is systematically violating the accords, Mr. Chairman, yet U.S. taxpayer money continues to flow, much of it directly to Arafat and his cronies.

I can't explain this to my constituents, nor can I bear to watch an unrepentant enemy of Israel be built up with our money, posing a potential future threat to our ally. Thus, I have introduced HR 1960, The Middle East Peace Compliance Act, which has also been introduced as S 915 by Senator D'Amato. HR 1960 would suspend all aid to the Palestinians until they complied with the provisions of the Oslo Accords. Among other items, this would require that PLO: amend its charter to delete the provisions calling for the destruction of Israel; ban terrorist organizations such as Hamas and Islamic Jihad; prosecute terrorists and cease support for armed struggle against Israel.

Further, HR 1960 would stipulate that, even after certification that the PLO were in full compliance with the Oslo Accords, aid would only be channelled through American government agencies and NGOs. No money could be channelled through the PLO, the Palestinian Authority or any of its affiliates. Our experience with government-to-government aid around the world has been a sorry one, and the evidence that the PLO has diverted and misused our funds is quite strong. On that topic, I would like to submit for the record an August 14 article from Insight magazine which documents these diversions of U.S. aid, citing internal PLO documents and British intelligence reports.

While some people might dispute these accusations, Mr. Chairman, what is indisputable is that the PLO has kept virtually none of the promises it made in the Oslo Accords. To my mind, it is nothing short of scandalous that U.S. taxpayer money continues to flow to Arafat and his anti-Israel allies under these circumstances. The administration insists on sweeping all of this under the rug, most blatantly by classifying the recent GAO report that reportedly confirms our worst fears about PLO behavior. Therefore, Mr. Chairman, it devolves to us in Congress to stand up on behalf of the American taxpayer and our Israeli friends. Enough is enough. The

PLO must live by some rules if it wants to join the international community and receive American tax dollars.

I respectfully request, Mr. Chairman, that the committee give HR 1960 its every consideration. Thank you for the time today.

JIM SAXTON
THIRD DISTRICT NEW JERSEY

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U.S. House of Representatives
Washington, DC 20515

Prepared Statement of Congressman Jim Saxton (R-NJ)
Hearings on Middle East Peace Process, September 20, 1995
House Committee on International Relations

Mr. Chairman, members of the Committee, I welcome this opportunity to address this Committee on issues which I believe are critical to achieving true and lasting peace in the Middle East.

I believe that the U.S. has a national security interest in the promotion of peace and stability in the Middle East. A secure, lasting and verifiable peace benefits the United States, the Palestinians, and the closest U.S. ally in the region, Israel.

I believe that requiring strict adherence by all parties to the peace agreements they signed, and subsequent pledges made to the President and Vice-President, is in our national interest. I believe it is a mistake to look the other way as the Palestinians fail to comply with their agreements. Without substantial oversight and enforcement of these agreements by this Committee and indeed the entire Congress, we jeopardize the Peace Process.

I do not have to tell this Committee that there is substantial emotion on both sides of this issue. There are radical forces on both sides, Israeli and Palestinian, which hurt the chances of achieving peace. I have come to this Committee not to state the emotional argument for either side but rather, to present the facts in such a way that the Committee can make an informed judgment about whether we need certain changes made in our current strategy.

I view the peace negotiations this way: The Peace Process was set up to be negotiations between the PLO and Israel, with the U.S. acting as mediator, guarantor and facilitator. As with any negotiation, there is be something to be gained and something to be lost for each party. In the case of Israel, I believe they want true and lasting peace, and of course Israel has a longstanding relationship with the United States, who equally wants peace and stability in the region. In the case of the Palestinians, they have made certain commitments to Israel and the U.S. in exchange for receiving foreign aid and gaining peace and autonomy. In the case of aid to the Palestinians, we intended to use the promise of aid to ensure that these commitments are met. Unfortunately, in my view, while Israel has made a substantial effort to abide by the peace accords, the Palestinian side has had serious problems. Some of their commitments have not been met, while others have been purposely breached. As facilitator of the peace process, the United States and, in particular, the U.S. Congress, has a special duty to ensure that these conditions are met. Otherwise, we risk the appearance of complicity with these violations, which may ultimately lead to failure of the peace process. We have a duty

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to ensure compliance for Israel's behalf, on behalf of U.S. taxpayers, and on behalf of those Palestinians who want true and lasting peace in the region.

Mr. Chairman, I am here as a Member of Congress, to discuss what we as Americans need to consider before we send upwards of $500 million in American aid to the PLO. I am here to present the facts, and allow you to make a considered judgment as to the advisability of providing more aid to Mr. Arafat without enforcing strict compliance requirements. I hope these hearings shed some light on PLO compliance with their commitments, and I hope that we can agree on a strategy for re-directing the PLO towards compliance and away from the current trend I see developing.

I do not think there is anyone who will argue with the fact that the PLO has had a poor record of compliance with their commitments. Some blame this on Arafat's poor managerial experience. Others say that the "trend" has been positive, or say that Arafat is getting better at complying. I think the evidence is considerable that Arafat believes that he can violate the peace accords at will, without reprucussions from either the Israelis or the Americans. I believe he is engaged in a strategy of playing one against the other.

Arafat consistently tests the limits of his ability to violate the agreements without incurring any penalty. It is basically the strategy of "good-cop" "bad-cop," with Arafat in the position of "good cop" while his Ministers and associates and fundamentalist groups such as Hamas playing the "bad cop" role. Arafat has convinced some that, only through supporting him and the PLO, can we win over these "bad cop" elements. I believe it is a mistake to allow ourselves to be taken in by this argument and, instead, we should send a tough ultimatum to Arafat to get serious about peace. Unfortunately, from what I have seen, there is little evidence to support the notion that Arafat is presently determined to achieve a lasting peace with Israel.

I believe that the present law allows far too many loopholes which Arafat has been able to exploit, and for that reason and the reasons that follow, I, along with Congressmen Michael Forbes and Dan Burton, have requested that the Speaker place a hold on any further extension of MEPFA, and that he strikes any amendment dealing with MEPFA either on the floor or in Conference. Further, I would like to formally request that this Committee consider the Forbes, Saxton, DeLay Bill, H.R. 1960, or the Engel, Saxton, DeLay Bill, H.R. 1930, which I have also cosponsored, and recommend their immediate consideration by the full House.

Today I would like to address the following issues:

QUESTION #1: What has happened with the aid we have already sent to the Palestinian Authority?

In late July, I introduced into the record certain documents I had come to possess which detail the misuse of foreign aid money by PECDAR, the organization set up to distribute foreign aid to the Palestinians. Many ask why this issue is so important. Well, beyond the obvious fact that American taxpayers have a right to know where their foreign aid money is going, there is the issue of why we gave this aid money in the first place.

We gave this money to assist the Palestinians rebuild their economy. Without it, we were told, radical elements such as Hamas and Islamic Jihad would take advantage of local poverty to build support, thus pushing the more moderate PLO out of the picture. This aid money was never intended to be used for bribes for loyalists to Yasser Arafat. Nor was it intended to promote Arafat's long-term agenda of regaining control of Jerusalem as the "Capital of Palestine." In fact, were he to use the money in this manner, not only would it not help the Palestinian people deserving of assistance, it would make the success of the peace process far *less* likely.

If we, as Congress, have been deceived by a recipient of foreign aid, this puts at risk all foreign aid projects, even those most worthy. If the documents I am introducing are accurate, and I believe they are, somebody has been asleep at the wheel and we need to reevaluate our entire mechanism for distributing aid to the Palestinians. In this regard, I will be submitting for the record a series of documents showing that PECDAR (The Palestinian Economic Council for Development and Reconstruction) diverted aid away from the rebuilding programs for which the money was intended, into pet projects such as buying apartments for Arafat loyalists, sending money to Arafat's mother-in-law to build a propaganda center in Jerusalem, and other such unintended projects. It is hoped that we can examine the issue of the distribution of aid to the Palestinians far more closely, discover who or what agency is responsible for diverting this aid, and that we can build much tougher enforcement mechanisms into our current law. Without it, we risk the continued poverty of the Palestinian people and their increasing turn to more radical elements within their society.

QUESTION #2: Has the PLO lived up to their commitments thus far.

The PLO has made certain commitments, outlined in the September, 1993 Declaration of Principles, the Cairo Agreement on the Gaza Strip and Jericho of May, 1994, and subsequent agreements. Although there are numerable instances of non-compliance, I would like to focus on those of greatest concern to me personally --- the issue of terrorism. One of the primary conditions of our opening a dialogue and granting aid to the Palestinians has been Arafat's express renunciation of terrorism.

I believe that if you ask the Israeli people what they consider the greatest threat to the peace process, they will tell you it is the increasing threat of terrorism, and the fact that Arafat has thus far been unable or unwilling to confront the issue head-on. They will tell you that Jericho and Gaza have become safe-havens for terrorists, and that, with the expected return of many more areas to Palestinian control, these areas will become safe havens as well. They will tell you their great disappointment that, thus far, Arafat has refused to turn over suspected terrorists to Israel (as he is required to do under the accords) but rather, has either set them free or sentenced them to minimal terms of imprisonment. Finally, they will tell you that Arafat has done nothing personally to stop terrorism through his speeches or interviews. Instead, he has consistently preached violence against Israelis, made martyrs out of terrorists and proclaimed them to be heroes, and called for "jihad" or holy war. He has

made alliances with Hamas and Islamic Jihad. And he has thus far refused to disarm the militant groups in Gaza or Jericho, as required by the accords.

I can tell you from experience that the Israeli people are frightened, and these are not people who get frightened easily. And their fear spans both political parties. They will tell you that, at least with war, they know who the enemy is and where to find them. In the case of terrorism, attacks can happen anytime, anywhere. On busses, in schools, on the streets of Jerusalem. And fighting terrorism, like any war, takes full-time commitment, a strong intelligence community, and even then, you miss a few. In the situation of Gaza and Jericho, and soon, more areas coming under Palestinian control, unless Arafat is truly committed to stopping terror, it is not going to happen on its own.

Simply put, if Arafat cannot be relied upon to take this issue seriously, the Peace Accords will most certainly fail.

I believe, as Americans, we have an interest in this as well. Many Americans visit Israel every year, and, unfortunately, two Americans have fallen victim to terrorist acts in Israel over the last few months. One of these victims, Alyssia Flatow, happens to be from my home state of New Jersey.

In an effort to make this committee aware of the extent of the PLO's failure to adequately address this issue, I will be introducing several instances where I believe the PLO has failed to live up to their commitment to fight terror. As I stated before, I believe that Congress has the greatest leverage over Arafat and the PLO in enforcing compliance. In many ways, even more leverage that the Israelis themselves. If we fail to exercise this leverage to the greatest possible extent, we risk losing all that has been gained thus far. Thus, I am submitting the following:

A. The repeated failure to extradite suspected terrorists back to Israel to stand trial, including Abdel-Majid Dudein, the suspected killer of Joan Devanney, an American schoolteacher from Connecticut. The PLO had agreed to transfer suspected terrorists back to Israel in the peace accords (Annex 3, Article 2, clause 7), but, to date, have ignored all extradition requests. By ignoring such requests, the PLO has, in effect, made Jericho and Gaza into "safe havens" for suspected terrorists.

B. A statement from Muhammad Dakhlan, Chief of the Palestinian National Authorities General Security Service, stating that "even if there is a clause in the Agreement, we will not extradite members of our people to Israel."

C. The expressed wishes of Mr. Arafat to name two well-renowned terrorist leaders to head up the Palestinian Authority's new security teams in Ramallah and Nablus.

I am certain you will hear from those on the other side of this issue who will make various excuses for Mr. Arafat. Or, they will stress the positive, emphasizing the steps which Arafat has taken to stop terrorism. In my view, there is no such thing as being only " a little bit of a terrorist," just like you cannot be " a little bit pregnant." You either renounce it completely or you don't. And in my view, Arafat hasn't.

AID

But first, I would like to get back to the issue of what has happened to the aid we have already sent to Mr. Arafat's Palestinian National Authority. Some members of this Congress believe that interfering in any way with the flow of money to the PLO is "taking sides" and is thus destructive to the Peace Process. They are under the impression that the money we have sent is being used to build schools, repair infrastructure, and provide for security. Some are afraid that interfering in any way with the flow of aid will bring the Peace Process to a screeching halt.

Unfortunately, these documents show that, not only is our aid money being used improperly, it is being used directly contrary to our national interests and the interests of peace.

Our policy with respect to aid should be as it was with our disarmament agreements with the Soviet Union - trust, but verify. With respect to verification, the facts speak for themselves.

PECDAR was established on November 4, 1993 as an independent body entrusted with distributing foreign aid. Arafat and the PLO were to have no role in the administration of PECDAR. PECDAR is supposed to be supervised by the World Bank. However, in July, 1994, PECDAR distributed an internal chart showing it as being directly subordinate to the PLO.

The PECDAR documents I am introducing consist of a series of letters between the Secretary of the Treasury of the PLO and the PNA to PECDAR, directing that PECDAR divert aid money to specific projects not authorized by the Peace Agreements. Further correspondence shows that PECDAR complied with the PLO requests and Arafat's instructions were followed and the money transferred. A total of 14 sets of letters, totaling some tens of millions of dollars, were diverted through this scheme.

Some examples of these projects are:

1. A directive to funnel $20 million to clandestine political activities inside Israel to strengthen pro-PLO forces, including Members of Knesset, and organizations as the beginning of a PLO presence among Israeli Arabs. Such political activity is aimed to push the Israeli Arabs toward "the establishment of the Palestinian State that includes Jerusalem. Among the tasks include financing political parties, social organizations and charities to push for Palestinian statehood.

2. A directive to arrange clandestine funding to acquire land in Jerusalem. The letter further stresses the clandestine nature of the transfer, "so as not to

[be utilized against us] by the American Administration..."

3. A directive on behalf of Arafat to arrange clandestine funding for apartments in Jerusalem to be given to loyalists. Twelve million is allocated for this project.

4. A directive to arrange clandestine funding for Raymonda Tawil, Arafat's mother-in-law, and Ibrihim Qarin to open a Palestinian publicity center in Jerusalem.

5-12. Various other directives which attempt to have Arafat and the PLO gain personal control over the local economy.

What these documents show is that we cannot trust our current system of distributing aid, and we need to take certain substantial steps to ensure compliance.

TERRORISM

With respect to the issue of terrorism, it would be difficult to argue that Arafat has made any serious attempt to combat acts of terrorism emanating from the areas he controls. Arafat's continued call for "jihad" among his followers, his refusal to transfer suspected terrorists back to Israel to stand trial, his repeated attempts to subvert Israel's attempts to locate and try terrorists, and his naming of known terrorists to head up his security forces belie his claims of compliance.

Throughout the last two years, Arafat has consistently called for jihad, or holy war, against Israel. Some have argued that, by referring to "jihad" Arafat does not mean military struggle, but rather, spiritual struggle. But I prefer to view these speeches in a more skeptical light. Why should we accept the argument that Arafat does not mean "jihad" when he says "jihad?" And, in the context these speeches are made, Arafat can only be intending one thing - he wants the Palestinian people to continue to fight, to continue to commit terrorist acts, and to continue their military strategy to achieve their goals.

On June 18, 1995, Arafat, in a speech to the Islamic Woman's Association in Gaza, praises Abir Wahidi, who murdered Zvi Klein in 1991 and Dalal Maghribi, who participated in the 1978 bus attack on the coastal road. Referring to Ms. Wahidi, he states that "we will not forget how she led the attack with her machine gun, and that she is the military commander of the central region." With regard to Ms. Maghribi, he calls her "the star from among the heroes" and says that "this is the woman that we are proud of and take pride."

In January of this year, Arafat, in a speech to Palestinian laborers in Gaza, directed his listeners as follows: "all of us are willing to be martyrs along the way...let no one think they can scare us with weapons, for we have mightier weapons - the weapons of faith, the weapon of martyrdom, the weapon of jihad."

As recently as August 6, 1995, Arafat stated that, "the Palestinian people are prepared to sacrifice the last boy and the last girl so that the Palestinian flag will be flown over the walls and churches and mosques of Jerusalem."

I have only provided a small sampling of the kind of rhetoric Arafat consistently uses to denigrate the very own Peace Agreements which bear his signature. In addition to the above, Arafat has repeatedly praised Hamas leader Sheikh Ahmed Yassin and Mousa Abu Marzook as "brothers," compared the Oslo agreement with the pact the Prophet Mohammed made with the tribe of Koreish (i.e. a temporary pact for convenience), referred to the PLO "phased plan" (for Israel's destruction), and repeated his calls for armed, bloody, and violent struggle. It is worthy to note that, in addition to conveying what are, perhaps, Arafat's true intentions, these speeches are a direct violation of the Cairo Agreement, Article XII(1).

EXTRADITION OF TERRORISTS

Perhaps the most disturbing violation of the peace accords is Arafat's ongoing refusal to transfer terror suspects to Israel for trial. Under the Gaza-Jericho Agreement, Article II(7) of Annex III, both sides are obligated to arrest and transfer suspects requested by the other side if a formal request is submitted. As of June 29, 1995, Israel has submitted six formal requests to the Palestinian Authority to transfer a total of ten suspects in terror attacks against Israelis, and the Palestinian Authority refuses to turn any of these men over.

A statement made in early September, 1995, by Muhammad Dakhlan, the Chief of the PNA's General Security Service in Gaza, and the man responsible for the PNA's "struggle" against terrorism, explains why Israel has had such a difficult time extraditing terrorists:

> "We reached a decision, and it was made at the highest possible level -- of course on the basis of Arafat's opinion -- that we will not extradite to Israel members of our people, including wanted members of Hamas."
>
> He stated further, "even if there is a clause in the Agreement [committing the PNA to extradite wanted terrorists] ... we will not extradite members of our people to Israel." (Source: Interview with Yediot Aharonot, September 8, 1995)

A recent event in Israel shows the nature of the PLO's "fight" against terrorism. On September 14, 1995, the Palestinian Authority announced that Ibrihim Naffar, a Hamas member, was killed while handling explosives in his Gaza apartment. Naffar, the announcement said, escaped from custody after being arrested earlier in August along with two accomplices.

Naffar, it seems, was involved in a dramatic eight-day hunt last August, touted as an example of the new Israeli-PA cooperation in the fight against terrorism. After his widely publicized arrest, along with two other suspected terrorists, it was revealed that the three had surrendered only after making a deal: Nasser would spend only a short time in jail, and his accomplices would be released immediately. This "deal" thus allowed two terrorists free immediately, while Naffar, after spending a short time in jail, went back to his apartment to continue making bombs.

Some of us remember the horror of another American killed by a terrorist bomb in early August of this year. Her name was Joan Devanney, a school teacher from Woodbridge, Connecticut. Last month, Abdel-Majid Dudein, who was suspected of helping plan the bus bombing received 12 years in prison on a charge of "undermining Palestinian Security." Remember, this is a man who helped kill 5 people, and injure dozens of others. He was sentenced, in what has become routine for the Palestinian Authorities, in a 15 minute trial. While we all appreciate a speedy trial, the only reason his trial was so speedy was to prevent Israeli Authorities from gaining his transfer, because another provision of the agreements state that the Palestinian Authority may delay the transfer to the requesting side for the duration of the imprisonment. Thus, he was tried and imprisoned with the express purpose of frustrating Israeli attempts at trying him for the crime he was guilty of - murder. I might also note that U.S. authorities, who are authorized under U.S. law to investigate terrorist acts against Americans overseas, are similarly frustrated.

This same scenario occurred with respect to the murder of Alyssia Flatow, a student from my home state of New Jersey. When FBI investigators went to Israel to investigate her murder, they were refused permission to do so by the Palestinian authorities. Thus, while the U.S. maintains sanctions against Libya for its failure to allow U.S. officials to question the two suspects in the Pan Am bombing, we are forced to remain silent while the suspected murderers of Joan Devanney and Alyssia Flatow are withheld from our investigators.

Evidence of Arafat's complicity with acts of terror are further demonstrated by the following: In May, 1995, in a report by Peace Watch, this independent monitoring group reported that the Palestinian Authority has agreed to release all Hamas and Islamic Jihad members it is currently holding, including those tried and convicted by the State Security Court in Gaza. In negotiations with Hamas and Islamic Jihad, the Palestinian Authorities agreed to halt all trials and arrests of the groups' members if they agree to cease terrorist attacks emanating from Gaza and Jericho. Peace Watch estimated that some 100 Hamas and Islamic Jihad members remain in custody. What this agreement, in effect, will do, will allow Hamas and Islamic Jihad to operate freely and without fear of retribution in areas under Palestinian control. One can only picture the damage these 100 terrorists are capable of once allowed to return to the streets.

In another Peace Watch report, this one dated June 21, 1995, they determined that, one month after the deadline for individuals to turn in their weapons, register them, or face arrest, little had been done in the way of compliance. Peace Watch found that, since the deadline in April, 1995, only a few dozen weapons have been confiscated. By the PLO's own accounts, upwards of 25,000 weapons remain in the hands of potential terrorists.

Finally, I believe the following example shows clearly that Arafat continues to retain strong ties to his former associates in the terrorist world, and cannot be trusted to confront terrorism.

A report in the Jerusalem Post of September 14, 1995 states that Arafat has recently demanded to be allowed to appoint two known PLO killers as security chiefs in Nablus and Ramallah- towns the Israeli government is passing over to Palestinian control. The first is Abu Firas, who was responsible for a terrorist attack in Jerusalem's Jaffa Road in the 1970s,

as well as involved in the Munich massacre of 1972. The second is Mahmoud Al-Aloul, who was the Tunisian-based commander of all PLO terrorist attacks in the West Bank.

How these two men are expected to confront terrorism is beyond my comprehension, but nevertheless, these two men will be expected to disarm terrorists, and prevent terrorist attacks emanating from areas they control.

In closing, I would like to thank the Committee for holding these hearings. The Chairman and its members should be applauded for taking this decisive step in the right direction. As I and my staff have looked at the facts of this matter, I believe that it is reasonable to conclude that compliance by the PLO is at best spotty, and is at worst, an indication of an intentional manipulation of the Peace Process. Arafat and the Palestinian Authority have misused foreign aid, have diverted it to unauthorized projects, have actively supported terrorists and terrorist actions, and have an abysmal record of even attempting to comply with their agreements. Arafat has proven his ability to exploit every loophole he can find, and even without loopholes he is clearly willing to face what he believes is minimal risk to his actions. Therefore, to extend another 1/2 Billion dollars to the PLO, given our own domestic concerns, and without what I view to be the strictest compliance requirements we can put into law, would not be good stewardship.

However, I am willing to give Mr. Arafat one more small, limited chance, in the hope that perhaps, with strict compliance measures in place, we will see a change in heart. Maybe, just maybe, Arafat will come to see us as serious contenders in the peace process. Given what I know, however, I cannot say I am hopeful. But I know it is our only hope for true peace in the region.

I thank the Chairman for allowing me to present these facts before the Committee, and I urge this Committee to take every step, including reporting out H.R. 1960, to ensure we meet our duty to advance the peace process, to see a secure peace in the region, and to meet our commitment to our constituents.

Statement of Peter Deutsch
Before The International Relations Committee
September 20, 1995

Mr. Chairman, I want to congratulate you for holding these hearings on the Peace Process and thank you for allowing me to testify. There can be no doubt that the extension of MEPFA and the lack of Palestinian compliance with the Oslo Accords are very relevant problems in both the United States and Israel.

Since the beginning of the peace negotiations, the United States has played an integral role in the peace process. This country and this Congress are truly partners in these peace agreements with both Israel and the Palestinians.

The Palestinian record of compliance with the Oslo Peace Accords up to this point has been abysmal. Clearly, the PA has failed to live up its commitment to extradite terrorists to Israel. Almost without exception, the PA has refused to comply with the Israeli government's requests for extradition for a suspects. The extradition of terrorists who seek to injure innocent civilians is at the very heart of the Oslo Agreements and yet they refuse to comply.

Another example of the Palestinian's blatant disregard of the Peace Accords is their operation of PA institutions in Jerusalem. No less than seven institutions, connected to the Palestinian Authority operated in Jerusalem during all or part of that time. Even though this action is clearly prohibited, the PA continues to operate organizations in Jerusalem without recourse.

Finally, and most troubling, Yassir Arafat continues to demagogue and call for the destruction of Israel. As recently as June 15 of this year, Arafat said, "We are all seekers of martyrdom in the path towards Jerusalem... the oath is firm to continue this long jihad, this arduous jihad in the path of martyrdom, the path of sacrifice." This comment was spoken at Al Azhar University, three days before Arafat gave another speech praising the terrorist who masterminded the 1978 hijacking of bus of civilians.

Mr. Chairman, I support process for peace and I support the renewal of MEPFA. However, we must closely examine the Palestinian record of compliance in the upcoming months. We must make it clear to the PA that our government's support of his organization is based upon their fulfilling their obligations to the Oslo Agreement. We must send a clear signal that the U.S. Congress will not continue to extend MEPFA if the Palestinians continue to refuse to comply with the Peace Accords.

STATEMENT OF REP. ELIOT L. ENGEL
HEARING OF THE COMMITTEE ON INTERNATIONAL RELATIONS
ON THE
MIDDLE EAST PEACE PROCESS
SEPTEMBER 20, 1995

Mr. Chairman, I would like to thank you for holding this hearing today. As the author of one of three major bills to replace the expiring Middle East Peace Facilitation Act and co-chair of the congressional Peace Accord Monitoring group, I am profoundly interested in the Middle East peace process and am glad that the Committee is taking the time to consider the issue at this crucial time.

Two years and one week ago today, the world witnessed an historic event. The leaders of two peoples who had been at war for almost half a century joined hands at the White House with President Clinton in a symbolic culmination of months of secret negotiations.

I recall this day as though it was only yesterday. I remember sitting on the White House lawn feeling tremendous joy in the hope that I was observing the end of decades of war and terror.

Today, I look back with the awareness that much of the initial excitement -- a sense of hope which surrounded the signing of the Declaration of Principles -- has dissipated considerably. Terror has returned as those trying to destroy the peace process strive to turn public opinion against it with acts of random violence.

Let me be absolutely clear: I fully support the Middle East

peace process. I have no greater desire than to see the conflict between Israel and the Arab world consigned permanently to the pages of history. Moreover, I am proud that the United States has offered its ample resources -- diplomatic, technical, and financial -- to help move the negotiations along. In short, we must do everything possible to help the negotiations succeed.

Nevertheless, our support cannot not unconditional. I firmly believe that the parties must live up to their sides of the bargain and that we must always be mindful of the sordid history of the PLO -- a track record of some of the most heinous acts of terror committed during the 1970s and 1980s.

Prior to signing the Declaration of Principles, Israeli Prime Minister Yitzhak Rabin and PLO Chairman Yasir Arafat exchanged several commitments -- solemn bilateral duties to underpin the peace process. In exchange for Israel's recognition of the PLO, Yassir Arafat committed his organization to:

* Recognize Israel's right to exist in peace and security;
* Accept U.N. Security Council Resolutions 242 and 338;
* Renounce the use of terrorism and violence;
* Assume responsibility over all PLO elements in order to prevent and punish acts of terrorism or violence;
* Call upon Palestinians to oppose violence and terrorism;
* Submit to the Palestine National Council changes to the Palestinian National Covenant eliminating calls for Israel's destruction; and
* Implement in good faith the Declaration of Principles.

With the signing of the Gaza-Jericho Agreement in Cairo last year, Israel and the PLO made specific several of the security-related commitments undertaken on the White House lawn. In particular, it is now clear that the PLO must transfer suspects requested by Israeli authorities, confiscate illegal weapons,

exclude terrorists from security services, and avoid the type of vitriolic rhetoric which only tends to incite violence.

The PLO's record in complying with its commitments is mixed, at best. On the positive side, Yasir Arafat has recognized Israel and accepted Security Council Resolutions 242 and 338. Many news reports also indicate that it has finally begun to crack down on terrorists.

Nevertheless, it has demonstrated significant disregard for many of the other the obligations to which it has committed itself. Terrorism has been rhetorically denounced, yet individual acts of terror have gone uncondemned. And, even when Yasir Arafat speaks out in English, equivalent words in Arabic -- to those who most need to hear -- go unspoken.

And this is not all. The following items represent some of the more significant violations of very specific legal obligations contained in the peace accords:

* Sections of the PLO Covenant calling for Israel's destruction have yet to be removed;
* Calls for Jihad by Yasir Arafat continue;
* The ban on unlicensed weapons goes unenforced;
* Suspected terrorists have not been transferred yto Israel; and
* The Palestinian Authority continues to locate its institutions in Jerusalem.

Mr. Chairman, no nation has been more engaged in the effort to move the peace process forward than the United States. Not only was the historic document signed on the lawn of the White House, but no other nation pledged $500 million over 5 years in an attempt to end the historic conflict -- not even the wealthy Arab states of the Persian Gulf who have the most to gain by the

end of hostilities. I am proud of our involvement.

But, the PLO should be clear that American generosity is not unlimited. America must hold Yasir Arafat's feet to the fire and demand that he and the Palestinian Authority live up to their obligations. Yasir Arafat and the PLO must learn: Peace is the only course.

The bottom line for me is this: If Arafat and the PLO comply with their commitments, then U.S. money should continue to flow. If they don't, then they will be to blame for the destruction of peace. The Agreements, themselves, set realistic thresholds to which both sides must comply -- thresholds which can be met by the Palestinians if they want to meet them. Therefore, whether U.S. dollars continue to flow depends on their actions.

Current law, the expiring Middle East Peace Facilitation Act has been a useful tool. It established the principle of linkage between PLO commitments compliance and the provision of U.S. aid. But, circumstances have changed and the U.S. legal framework must adjust with them.

I have, therefore, introduced, H.R. 1930, the "Middle East Peace Compliance and PLO Accountability Act of 1995" to tighten the conditions to which the U.S. holds the Palestinians. To date, this bill has garnered 20 bipartisan cosponsors, including my good friends Jim Saxton and Peter Deutsch. I ask unanimous consent that the text of H.R. 1930 be printed in the record at the conclusion of my testimony. In particular, this bill:

* Holds the PLO to its own commitments, including the post-MEPFA Gaza Jericho Agreement of 1994.
* Imposes a dollar-for-dollar deduction for misspent funds -- a provision not incorporated in the Senate's Helms-Pell MEPFA bill.
* Permits funding only through multilateral institutions which are transparent and open to outside audits.
* Begins the process of accounting for past PLO terrorism.

Mr. Chairman, without today's session, the International Relations Committee would have held not one hearing this year focusing on negotiations between Israel and the PLO. I commend the Chairman for the opportunity to delve into these important issues.

However, we are all aware that only 10 days from now, the Middle East Peace Facilitation Act expires. We cannot continue the terribly flawed process of passing 45-day extensions of this law. Congress must not micro-manage U.S. foreign policy by enacting short-term, stop-gap measures. It is Congress' constitutional role to carefully consider legislation which sets general policy for the executive branch. While hearings are valuable, this constitutional requirement mandates that our Committee schedule a mark-up to write legislation to replace the expiring MEPFA. I hope that my bill, H.R. 1930, will serve as the underlying mark-up vehicle.

Once again, Mr. Chairman, I support the peace process and want nothing more than to see it succeed. But I must reiterate my bottom line: If Arafat and the PLO comply with their commitments, then I will support continued U.S. aid. If they don't, then the failure of the peace process will rest on their doorstep.

TESTIMONY BEFORE THE INTERNATIONAL RELATIONS COMMITTEE
THE MIDDLE EAST PEACE PROCESS
SEPTEMBER 20, 1995
THE HONORABLE TOM DeLAY

Mr. Chairman, members of the Committee, colleagues, and friends, it is a privilege to come before you today to address a subject of vital importance to American national interest and to me personally. I recently returned from a visit to Israel where I was struck by the intensity that surrounds the debate over the Middle East peace process. While I have impressions and opinions about a number of different issues related to the peace process, the one I would like to focus on today is the failure of the Palestine Liberation Organization (PLO) to live up to the solemn commitments to which it agreed when it signed the Declaration of Principles (DoP) with Israel on the White House lawn on January 13, 1993.

It has now been over two years since that historic day, a day on which the PLO and its leader, Yasir Arafat, agreed to be held accountable for its actions by the international community in exchange for territorial and administrative concessions by the government of Israel.

As witness to the accord, the United States pledged its political, financial and moral support to the peace effort, making clear that it expected the PLO to transform itself from a terrorist organization to a lawful administrative entity to be known as the Palestinian Authority (PA). The U.S. pledged the sum of $500 million over five years to the PLO to assist the Palestinians living in areas controlled by the PA with their development efforts.

What we have seen over the last two years has been a grave disappointment. Not only has the PLO been in stark violation of its commitments under the DoP, but it has failed to live up to most of its pledges to the President and the Vice-President.

The PLO has failed to prevent terrorism emanating from the territory it controls and has shown little inclination to prosecute known terrorists or to extradite those individuals allegedly responsible for criminal acts inside Israel.

As recent video tapes of Yasir Arafat clearly demonstrate, he continues to exhort his people to violence against Israel and advocates a Jihad (or holy war) to regain Jerusalem. In fact, since the most recent bus bombing in Jerusalem, all Arafat has done in response is to issue a statement condemning those who committed this heinous act. It is the Israeli government that has acted to round up the guilty parties and punish them.

Even as we speak, Arafat is building up a para-military force in Gaza nearly three times what was permitted under the DoP, replete with automatic weapons, a modern security apparatus and reportedly, shoulder fired surface-to-air missiles.

Mr. Chairman, as a representative of the American people and a strong supporter of Israel, I cannot sit by and hope that the PLO will suddenly decide to abide by the commitments it made two years ago. I feel it is my duty to cry foul when I believe the American people are being had and our national interest is at stake. What we have seen over the last two years is simply unacceptable.

The Administration has mounted a full court press to persuade Congress and the world community that the PLO remains committed to the peace agreement even when their violations are numerous. As a result, the PLO has learned that there are no sanctions for violating their agreements. Indeed, they can feel free to plot and strategize the elimination of Israel with no fear of financial, not to mention political, repercussions.

Mr. Chairman, this is why I have agreed to cosponsor H.R. 1960, the Middle East Peace Compliance Act of 1995, a bill introduced by the distinguished representative from New York, Michael Forbes. The identical bill has been introduced in the Senate as S.915 by Senator D'Amato.

In essence, the bill says that should the PLO demonstrate "substantial, material and timely" compliance with its commitments under the DoP as well as with certain requirements under U.S. law, then the President is authorized to transfer funds to Palestinian institutions and activities directly, and not through the PLO or the PA. The reason for this is to ensure that the funds reach the people for whom it is intended.

Further, the PLO would be required to assist U.S. law enforcement agencies in the apprehension and prosecution of any member of that organization responsible for the killing of an American citizen. This is only just. The American taxpayer should not be asked to bankroll any individual with American blood on their hands.

I understand the Administration is supporting an amendment to the Senate FY 1996 Foreign Operations Appropriations Act which would authorize the President to fund the PLO unconstrained by real congressional oversight for an astonishing 18 months -- a period lasting through the next election with little outside scrutiny of this most contentious policy.

Strikingly, most of the requirements placed on the PLO are contained in a non-binding "Sense of Congress" section of the bill which is completely unenforceable. Additionally, the requirements wouldn't even kick in for the first six months!

I have serious concerns about such an amendment being attached to the Foreign Operations Appropriations bill. Rather, it is vital that this issue be considered before the whole House so that public debate can take place. Mr. Chairman, in this vein, I would like to formally request that this Committee hold hearings on H.R. 1960, conduct a markup, and report the bill out for consideration by the full House of Representatives. Open debate on this issue is long overdue.

Let there be no mistake about my position. I support peace as fervently as any man or woman in this chamber. What I object to is the process for obtaining peace which requires that we turn our backs on our core national values and our responsibility as guardians of the public purse.

It is the duty of the Congress, indeed this committee, to demand accountability of the PLO, not only for the money we have provided it, but also for the estimated $10-$12 billion which it has reportedly stashed away in bank accounts around the world. Popular reports suggest that a recent General Accounting Office investigation into PLO finances merely confirms our worst suspicions about the PLO's cash-rich posture. Unfortunately, as you may know, the CIA has classified this report.

I call upon the Administration to come clean with the American public and immediately declassify this report. It's long overdue.

This is not, I repeat not, an issue of whether the United States will continue to support the Israeli people in their quest for peace. Nor is it a question of our obligation to assist in whatever way we can in the attainment of peace and security in the region.

Quite to the contrary, it is a question of the responsibility of this Congress to ensure that our national resources are used to further our national interests. There can be no lasting peace without accountability. If the PLO is not a true partner in peace it does not deserve the goodwill of the American people.

In conclusion, Mr. Chairman, I have a deep and abiding faith in the strength and endurance of both Israeli and American democracy. I believe that the relationship our two countries share is as strong and inviolate as any in the history of the world. We would not be doing our duty as friend and ally if we did not raise these very pressing concerns.

Only the people of Israel have the right to determine the course of their own future. It is our job to see to it that when the history of this extraordinary period is written, we, the people of the United States, have not set aside our values, or standards, or our requirements under law to support a myth, not a fact.

Thank you.

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SPONSORED ENTERPRISES
DEMOCRATIC STEERING COMMITTEE

STATEMENT FOR THE RECORD
HIRC HEARING ON THE MIDEAST PEACE PROCESS
SEPTEMBER 20, 1995

GARY L. ACKERMAN (D-NY)

Thank you Mr. Chairman. I would like to commend you for holding this very vital hearing on the peace process. It is imperative that we hear as many voices as possible, particularly at this crucial stage in the process. We need to make extremely important decisions relating to its survival, and you have done a superior job in gathering people whose views run the gamut. I certainly want to welcome our many distinguished panels, and thank them for taking the time to express their thoughts to us.

This is undeniably a very emotional issue for all sides involved. In fact, the contention surrounding the subject of "peace in the Middle East," has very nearly split the American Jewish community wide open. However, a very important part of this process is dialogue, and that is precisely what we are here for today.

However, I think it necessary to make a general plea to all those involved. While we are debating and sharing and hashing out, I think we need to be careful not to let our debate overshadow the actual issue of peace--"peace in our time," so to speak. In other words, the current climate in relations between Israel, her neighbors and the Palestinians, presents our best chance to hammer out a comprehensive and lasting peace. We absolutely can not let that opportunity slip from our grasp. At the same time, I sympathize with the many concerns that people have, and understand the need for caution in some respects. But I think the bottom line is this: do these people, Arabs and Jews alike, deserve peace? And I think the answer is, yes, they absolutely do.

For the last few years the world has been sort of sailing in uncharted waters. New countries have sprouted up where none had been before, and other nations have changed their economies and governments practically overnight. The sum of all this change has been conflict and upheaval in many parts of the world. And although those images have been synonymous with the Mideast for many years, this region has a genuine opportunity to finally buck that trend and begin anew.

We are standing at a critical juncture where, if we turn our backs on it now, we may never again experience an opportunity of this magnitude. I believe therefore that it is our responsibility as Americans, no matter our background--simply as humans--to help fulfill this opportunity. Otherwise, I daresay we will carry this burden all of our lives.

United States General Accounting Office

GAO

Testimony

Before the Committee on International Relations
House of Representatives

For Release
on Delivery
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September 20, 1995

FOREIGN AFFAIRS

Scope of Our Review of Palestine Liberation Organization Finances

Statement of Joseph E. Kelley, Director-in-Charge,
International Affairs Issues, National Security and International
Affairs Division

GAO/T-NSIAD-95-227

Mr. Chairman and Members of the Committee:

I am here today to discuss the audit work that supports our recently issued classified report on the Palestine Liberation Organization's (PLO) finances. I will also discuss the principal cooperation issues we dealt with on this assignment. Finally, I will discuss our efforts to have this report declassified in response to requests from the Chairman and several other Members of Congress. Before turning to these topics, let me briefly provide some background information on why we did this job and what the audit objectives on this assignment were.

AUDIT OBJECTIVES

In a letter dated May 31, 1994, you requested that we review the PLO's finances in connection with the decision by the United States to help fund long-term development projects in the West Bank and Gaza Strip. These funds were pledged after the government of Israel and the PLO signed the Declaration of Principles on September 13, 1993.

Based on discussions with Committee staff members, we agreed to (1) assess the PLO's ability to help finance the operations of the Palestinian Authority (the organization established to implement self-rule), (2) ascertain whether the international donors effectively analyzed the need to help fund the Palestinian Authority's operating and start-up expenses, and (3) determine

whether appropriate controls have been implemented to ensure that donor funds will be adequately accounted for.

AUDIT WORK PERFORMED

The starting point for our review was an attempt to obtain financial information directly from the PLO. The PLO told us to provide written questions on the information we required and then declined to respond to them. The PLO also chose not to respond to our written request for meetings with PLO and Palestinian Authority officials in the self-rule territories. However, in the Gaza Strip, we were able to meet with a senior Palestinian Authority official.

In Washington, D.C., we interviewed Palestinian affairs experts and program officials from the State Department, U.S. Agency for International Development, Overseas Private Investment Corporation, the Department of Treasury (Office of Foreign Assets Control and the Financial Crimes Enforcement Network), Drug Enforcement Administration, and the World Bank. We also conducted fieldwork in London, Tel Aviv, and Jerusalem and interviewed officials from the State Department, U.S. Agency for International Development, Drug Enforcement Administration, World Bank, United Nations Relief and Works Agency, nongovernmental organizations, and private industry in these locations. We also met with a number of private researchers who have studied and written about the PLO's finances.

We reviewed relevant State Department cable traffic from January 1990 through February 1995. We also conducted a detailed search of public articles and books on the PLO. We developed a list of potential PLO agents and operatives using a number of sources. We gave this list to Treasury's Financial Crimes Enforcement Network, which searched its databases to identify the personal or corporate assets of these individuals. In collaboration with Treasury's Financial Crimes Enforcement Network, we attempted to verify media reports of specific assets alleged to be held or controlled by the PLO.

We developed a data collection instrument to collect a wide variety of financial and operational data on the PLO. We analyzed responses to this data collection instrument from U.S. embassies in 13 Middle Eastern States and 5 European countries. We also received information from U.S. embassies in one Latin American country and three African countries addressing public allegations that the PLO owned duty-free shops in these locations.

We met with U.S. intelligence experts from (1) State's Intelligence and Research Bureau, (2) the Central Intelligence Agency (CIA), (3) the Defense Intelligence Agency, and (4) the National Security Agency. British intelligence officials declined our request for meetings on the basis that they had no useful information to share. However, we were able to interview a senior official from Britain's National Criminal Intelligence Service to discuss a February 1994

estimate that the PLO had $8 billion to $10 billion in assets and an annual income of $1.5 billion to $2 billion. Citing the confidential nature of his sources, the author of this statement declined to provide us with any data or documentation to support this claim.

COOPERATION ISSUES

As detailed above, we met with or attempted to meet with officials from a wide range of federal agencies. In general, we received good cooperation from these agencies. We did encounter some limited access to records and cooperation problems at the State Department, CIA, and the Federal Bureau of Investigation (FBI). With regards to the State Department and CIA, the problems we experienced did not materially affect our final report message or conclusions. We do not know whether the FBI had any valuable information to share with GAO since the Bureau informed us that its review of our questions determined that either the information was not available or could not be discussed due to its sensitive nature.

At the State Department, we encountered a few problems gaining access to pertinent records or getting State's cooperation with our review. Most of these issues were resolved by working with members of your staff and the State Department. We encountered the following difficulties:

-- State initially withheld several cables we requested, saying that they were "deliberative in nature" because they represented personal opinions, options analyses, and pre-policy dialogue. A number of these cables were later released to us after your staff intervened with State officials.

-- State was unwilling to contact host government officials on our behalf to administer a data collection instrument we developed to obtain a wide variety of information on the PLO's finances. State cited (1) the sensitive nature of such contacts and (2) the possibility that host officials might misinterpret State's involvement in our study as a weakening in U.S. resolve to fully support the peace accord between the PLO and Israel. As an alternative, State agreed that embassy staff could review pertinent files to see whether any of the data we requested could be obtained from internal records.

-- Officials from State's Intelligence and Research Bureau told us that one of their analysts had prepared a critique of an intelligence estimate of the PLO's assets, but could not confirm whether the critique was in writing or not. According to the analyst who prepared the critique, a written memorandum about the critique had been prepared and forwarded to the Special Middle East Coordinator. The

Coordinator said he "vaguely" remembered reading the memorandum and referred us to his staff to obtain a copy. His staff, however, was unable to locate a copy of the memorandum or confirm its existence.

Initially, CIA officials were unwilling to cooperate with us or share available intelligence data about the PLO. As you know, Agency officials provided us with two background briefings on the PLO only after you asked the CIA to cooperate fully with us on our review. CIA declined to facilitate contacts with foreign governments.

The State Department in April 1995 agreed to relay questions we had on PLO finances to the Israeli government through the U.S. embassy in Tel Aviv. A State Department official confirmed that the embassy had passed our questions to the Israelis, but that a response had not yet been received.

EFFORTS TO DECLASSIFY THE REPORT

In a letter dated July 17, 1995, Chairman Gilman requested that we take the necessary steps to have our classified report on the PLO's finances declassified to facilitate increasing public discussion of the topic. This request was followed by a letter on July 19, 1995, from Representative Jim Saxton, who also called for our report to be declassified. On July 25, 1995, we received a third letter

signed by Representative Saxton and five other Members of Congress calling for our report to be declasssified.

I should point out that GAO generates classified information derivatively--that is, the information we use in GAO-produced documents carries the classification of the originating source. GAO does not have the authority to declassify or downgrade classified information; this authority is vested solely with authorized executive branch officials. When there is a perceived need to downgrade or declassify information, the originating agency's concurrence must be obtained.

In letters dated July 25 and July 28, 1995, we informed the CIA and State Department, respectively, that the Chairman had asked that our report on the PLO's finances be declassified for the reasons cited in the Chairman's letter. We asked both the CIA and State to consider the Chairman's request with respect to the classified data they provided to us.

In a letter to GAO dated September 5, 1995, the CIA responded that with certain minor exceptions, none of the CIA material used in our report could be declassified. The State Department has not yet responded to our declassification request.

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Mr. Chairman, this concludes my testimony.

(711159)

Testimony Presented to the International Relations Committee of the House of Representatives

Submitted by Daniel Polisar
Director of Peace Watch

Hearings on the Middle East Peace Process
September 20, 1995

I am Daniel Polisar, the director of Peace Watch, a non-partisan monitoring organization based in Jerusalem. Peace Watch examines and reports on the compliance of all parties with accords signed between Israel and its Arab neighbors—to date, Egypt, the PLO, and Jordan. Our board of directors includes Israelis from the full range of the political spectrum, left to right, who are united by a belief that scrupulous mutual compliance is an essential ingredient to the success of the peace process.

In my testimony, I would like to focus on some of our key findings concerning compliance with the Israel-PLO accords, starting with the Declaration of Principles (DOP), signed here in Washington on September 13, 1993. Though this testimony is meant to survey the whole two-year period, the emphasis is on the 16 months which have elapsed since mid-May 1994, when the PLO received control over the Gaza Strip and the Jericho Area. At that time, the obligations on both sides became more numerous, complex, and difficult—and consequently compliance became that much more important.

A starting point for this discussion has to be a working understanding of what compliance is and how one measures and reports on it. For us at Peace Watch, there is only one way to look at compliance: How does each side's behavior compare to the commitments they took upon themselves in the signed, legal agreements? This point is worth mentioning because there is a tendency, for example in State Department reports on PLO compliance, to focus on improvement in compliance rather than compliance itself. In the State Department's June 1, 1995 report, for example, there are few attempts to compare behavior to specific obligations. Rather, the approach seemed to be to note the areas in which the PLO's behavior could be seen as generally better than during the prior, six-month period. This approach does yield some interesting and important findings about trends, but a mapping of changes without reference to a fixed, objective standard, grounded in the accords, cannot be said to give one a grasp on compliance.

A second mistake in reporting on compliance, which is likewise found in the State Department's report, is the substitution of the parties' assessments of one another for an actual analysis of the relationship between obligations and behavior. This mistake can lead one to be overly harsh, or overly lenient. There have been, for example, a number of cases in which Israeli Government leaders have demanded more of the PLO than the accords dictated—handing over for trial in Israel individuals whom Israel had not yet requested formally, for example. Likewise, there have been cases in which Israeli leaders have held the PLO to standards below what the accords spell out—on human rights, for example, which according to the Gaza-Jericho accords must be fully maintained in accordance with international norms. If we want to take our monitoring of compliance seriously as third parties—

Peace Watch or the U.S. Congress—we have to look at how behavior squares with obligation, rather than at what the sides think of one another's actions.

It is not our mandate at Peace Watch to give out overall marks for each side's compliance, or to judge who has passed and who has failed. We prefer to look at compliance category by category, to point out what has gone right, so accomplishments can be noted, and to identify problems which need to be corrected. In what follows, I want to look at several areas which are particularly worthy of attention.

I want to begin with a brief survey of Israel's record, though I assume that this committee is more interested in PLO compliance, inasmuch as there is legislation on the books setting standards for the PLO's behavior. Fairness dictates that we look at both sides; it is also necessary to put PLO compliance in its proper context by first examining what Israel has and has not done.

Israel and the PLO signed the detailed accords creating a Palestinian Authority (PA) and giving it wide-ranging powers in the Gaza Strip and the Jericho Area on May 4, 1994. Israel complied with its most significant obligation in these accords, which was to turn over control of these areas to the PA. With a few exceptions, Israel has kept its troops out of those places where the accords forbid them to reenter, and has likewise honored the divisions of authority between the two sides in civil matters.

Israel's problematic behavior has been principally in two areas. One has been in the economic sphere. At various times Israel has limited exports from Gaza, especially of agricultural products, in contradiction to what the two sides had agreed in their economic protocols. Israel has also, for security reasons, barred or limited Palestinians from Gaza and the West Bank who sought to work in Israel. While the accords give Israel the right to use temporary closures for security purposes, Israel's constant use of this measure, including as part of a stated policy of "separation," has probably exceeded what is legitimate within the framework of the accords.

The second problem with Israeli compliance was that, during a period of several months in late 1994 and early 1995, Israel deliberately slowed the pace of negotiations on redeployment in the West Bank, despite the fact that the two sides were already well beyond the deadlines set by the DOP. Israel's position was politically understandable, in that fatal terror attacks against its civilians had set a post-1967 record, and were causing grave concerns as to what would happen if additional territories were placed under Palestinian control. Legally, however, Israel could not unilaterally suspend the obligation to complete negotiations as quickly as possible, unless it first declared formally that prior breaches of the accords by the PLO had made the agreement no longer valid—which it chose not to do. In any case, since at least May of 1995, Israel has been negotiating in a good-faith effort to implement the Declaration of Principles' timetable, so this area is not currently a concern in terms of compliance.

Moving to the Palestinian side, I want to start by examining something which we at Peace Watch call "political education." I am referring here to the message which is transmitted by the leadership of the PLO and the PA concerning three of the cornerstones on which the accords are built: the recognition of Israel; the cessation of the armed struggle; and the sanctity of the accords themselves.

The message that the leaders project is significant from a compliance perspective, not only because the Declaration of Principles and the Gaza-Jericho accords explcitly mandate promotion of tolerance, public calls for an end to the armed struggle, and a concerted effort to bring Palestinians towards a recognition of Israel. A strong message from the leadership on these issues is significant because it shapes Palestinian public opinion on all other aspects of compliance. If the belief spreads that the armed struggle must be ended, then provisions of the accords dealing with trials and extradition of terrorists are more likely to be observed. If the accord itself comes to be viewed as inviolable, then even those of its provisions which are politically inexpedient will be honored.

On this latter point, there have been a few statements by Yasser Arafat and other Palestinian leaders regarding the importance of keeping accords. On March 21, 1995, after an explosive-laden truck was interdicted en route to a suicide-bombing attack in Beersheva, Arafat said that, "The Moslem tradition obligates the honoring of agreements. The PLO signed agreements and it will honor them." At the same time, however, he has on a number of different occasions, including in the last few months, compared the accords with Israel to agreements signed by the Prophet Muhammad with the tribe of Kuraish, which Muhammad abrogated in order to conquer that tribe two years later, when doing so became expedient. Such statements about future abrogation do not merely counterbalance the positive remarks about keeping to accords. They negate them entirely, because the implication is that the pledged allegiance to the accords is part of the same tactic as the initial signing, whereas the real strategy is to observe the accords only while doing so remains advantageous.

The statements about abrogation also send the signal that the recognition of Israel and the cessation of the armed struggle are temporary, a message which is reinforced by Chairman Arafat's repeated calls for Jihad. Anyone who reads Chairman Arafat's speeches will see that the Jihad to which he has referred to on several occasions, including this past summer, is not a "peaceful" jihad, as he once suggested. In June, for example, he said: "The commitment stands and the oath is firm to continue this long and arduous Jihad in the path of martyrdom, the path of sacrifices...." The reference to martyrdom makes it clear that the Jihad is violent in nature, which is in keeping with the traditional use of the term.

Further praise by Arafat for the armed struggle can be found in a speech he gave before an Islamic women's group in Gaza in mid-June. He could have spoken about any topics he chose, inasmuch as there was no particular occasion being observed. He opted to devote part of his remarks to praising Dalal Magribi, who was one of the perpetrators of the Coastal Road Massacre, in which 37 Israeli civilians were murdered and more than 80 injured. He said about her:

> "Dalal Magribi, the commander, the star from among the heroes who carried out the landing operation on the coast. She was the commander of the squad that pioneered the first Palestinian republic on that bus! On that bus! This is the Palestinian woman, with all its meanings and implications. The woman that we are proud of and take pride in and compete with her glory with other nations and people of the world."

The Israel-PLO accords never said that Arafat or other PLO leaders had to repent for past acts of terror, so on its surface there is no legal violation in celebrating Magribi as a woman whose action was appropriate, and heroic, in its time. But by describing Magribi as <u>the</u> Palestinian woman, with whose glory the Palestinian nation competes with the world, he is going beyond historical reflection and into the establishment of what can only be interpreted as a model for today.

It should be stressed that the message from Chairman Arafat and other PLO leaders concerning the armed struggle is not exclusively positive. Arafat has repeatedly uttered his support for what he terms "the peace of the brave." Sufyan Abu Zayidah, the head of the Israel desk in the PA, said in January 1995 that:

> "We also tell Fatah members who have reservations about the process that violence will get us nowhere. We tell them that it only exacerbates hatred between our two peoples. We opted for the way of peace and must stick to it. There is no other choice. We constantly say the same things to *Hamas* and the Islamic *Jihad*. We really want to stop the cycle of hatred and bloodshed."

More significantly, perhaps, at every impasse in the talks Chairman Arafat has continued the dialogue with Israel, which sends the message that negotiation rather than armed struggle is the appropriate means to resolving conflicts.

One aspect of political education on which the PLO and PA have mixed records is in condemning specific incidents of terror. Prior to 1995, most attacks against Israelis went without any public condemnation by the Palestinian leadership. Particularly noticeable in his silence was Chairman Arafat, whose few condemnations were stated through another party, and clearly as the result of pressure. In the last several months, however, a number of PLO and PA officials have begun consistently condemning terror attacks in which Israelis were killed. After the August 1995 suicide attack on a bus in Jerusalem, in which five Israelis were killed, Chairman Arafat stated to reporters in Gaza: "I condemn the attack totally. Under any circumstances we are against attacking innocent civilians. I hope this attack will not affect the peace process." The next day, speaking in Arabic at a press conference with visiting German Planning Minister Karl-Dieter Springer, Arafat added: "Once again I condemn this attack, and join in the troubles of the families, whose loved ones died." West Bank Palestinian Preventive Security Service Head Jibril Rajoub, a figure respected by many Intifada veterans, stated on Israeli Television after this same attack: "We condemn this incident. We will make all the efforts necessary to stopt the bloodshed."

Even the recent condemnations, however, are lacking in that they often criticize the attacks purely on pragmatic grounds, the implication being that were circumstances to change, the attacks would not be reprehensible. In response to the suicide bomb attack on Dan Bus 20 in Ramat Gan on July 24, 1995, for example, PA Minister of Planning and International Cooperation Nabil Shaath stated: "We don't have in our hands any details regarding this attack, but we condemn anything that would delay the peace process. This action was planned to delay the PA's entry to the West Bank and delay the release of our detainees and prisoners."

The failure of the PLO to amend the Palestinian Covenant must be viewed as part of the overall effort at political education. In his letter of September 9, 1993 recognizing Israel and renouncing the armed struggle, Chairman Arafat wrote:

> "(T)he PLO affirms that those articles of the Palestinian Covenant which deny Israel's right to exist, and the provisions of the Covenant which are inconsistent with the commitments of this letter are now inoperative and no longer valid. Consequently, the PLO undertakes to submit to the Palestinian National Council for formal approval the necessary changes in regard to the Palestinian Covenant."

More than two years since that commitment was made, the PNC has not been convened, and the Covenant has not been amended. Those who wish to defend the PLO on this score point out that no deadline was set for convening

the PNC, and that Chairman Arafat lacks the necessary 2/3 majority of that body to ensure passage of the amendments. They claim, therefore, that it would have been counterproductive for him to fulfill his technical obligation to convene the PNC if by so doing he would have formalized its refusal to back his peace initiatives with Israel, thus undermining his ability to continuing adhering to the accords.

What is truly problematic, however, is not the failure to convene the PNC, but rather a lack of what Peace Watch terms "maximum partial compliance"—the taking of steps short of a PNC convention which would have made it clear that Arafat and the PLO leadership remain committed to changing the Covenant. First, they should have been careful to make sure that all of their public rhetoric conformed to the Covenant as it was to be amended, and not to the original. As pointed out above, there have been a number of statements, particularly as regards the armed struggle, that sound fully consistent with the original Covenant.

Second, Arafat and other top PLO leaders should have gone on the record saying that they were personally in favor of changing the Covenant, and detailing the changes they would make and their reasons for doing so. In American politics, as a parallel, it is common for a candidate for high office, if his party platform contains elements which he personally opposes, to issue position papers spelling out his own views. A similar means has been available to the PLO leadership for the past two years, but they have not availed themselves of it. And third, the PLO leadership could have conducted a campaign, both public and private, to persuade the Palestinian population and its representatives in the PNC to back the anticipated changes in the covenant. Although in the summer of 1994, sources close to Arafat claimed that the Chairman was going to embark on such a tour, there has been neither a public campaign nor lobbying of PNC delegates.

In analyzing the overall performance of the Palestinian leadership in political education, Peace Watch's judgment is that the message has been mixed, but has fallen well below the standard set by the accords. The agreements with Israel both demand and depend upon a radical reorientation of Palestinian attitudes. Such a reorientation must come from above, and it cannot be effected if the message is mixed. Praising peace nine times and then calling for Jihad once is not 90% compliance, because such a mix is useless in changing longstanding views. It must be made absolutely clear to any Palestinian still harboring positive sentiments about the armed struggle—and extensive polling data shows that such individuals are generally in the majority—that he has no support for his views from his own leadership.

These meta-compliance issues have a profound impact in the fight against terror. So, too, do the concrete, operative obligations to fight terror, meaning the specific actions taken by the Palestinian police and court system. It is these latter steps which are often, though erroneously, viewed as the

litmus test for assessing overall PLO and PA compliance. In any event, these operative obligations are quite extensive, in large part because of the broad language of Article XVIII of the Gaza-Jericho Agreement of May 4, 1994, which states that:

> "Both sides shall take all measures necessary in order to prevent acts of terrorism, crime and hostilities directed against each other, against individuals failling under the other's authority and against their property, and shall take legal measures against offenders. In addition, the Palestinian side shall take all measures necessary to prevent such hostile acts directed against the Settlements, the infrastructure serving them and the Military Installation Area...."

This article is all-encompassing, since it demands that the PLO and the Palestinian Authority (as well as Israel) take any and every action needed to combat terrorism. If a particular action is likely to be effective in preventing terrorism, then Article XVIII mandates that it be carried out, even if there are no specific references to this obligation. So, for example, there is no provision in the accords which mandates that the PA shut down training camps used by terrorists, but the obligation to do so nonetheless exists, since it is clear that such a step is part of any serious campaign to end terror.

In addition, the Gaza-Jericho accords detail a number of specific steps, including prevention of incitement, disarming of militias, conducting of "hot pursuit" after terror attacks, and extradition to Israel of certain suspects in serious crimes.

These operative steps, both those which are spelled out separately in the accords and those which are derivative from Article XVIII, can be grouped into: preemption, the prevention of acts of terror before they occur; and punishment, the response to terror after the fact.

The four key areas in preemption are restriction of access to weapons; prevention of recruiting, planning and training; the thwarting of actual, planned attacks; and the use of negotiation to persuade terror groups not to launch attacks. The actual records of compliance will now be viewed in each of these areas in turn.

As regards restriction of access to weapons, the Gaza-Jericho accords define three concrete obligations. First, the PA must disarm all armed militias. Second, it must confiscate all weapons other than pistols, including explosives of various types. And third, it must register all pistols, in accordance with guidelines that were to be established jointly with Israel.

The backdrop for examining compliance on weapons-control issues is the situation today in Gaza, 16 months after the PA has taken control. According to informed sources in the Palestinian police and Israeli

intelligence, there are today between 2,500 and 3,000 guns held by individuals outside of the Palestinian police force, most of which are in the hands of the five active militias: Hamas, Islamic Jihad, the Popular Front for the Liberation of Palestine (PFLP), the Democratic Front for the Liberation of Palestine (DFLP), and Fatah. Indeed, Yasser Arafat claimed in March of this year that there are 26,000 guns in Gaza, and PA Minister of Information Yasser Abd Rabbo said that some estimates place the figure as high as 40,000.

Smuggling of weapons into Gaza has been a widespread phenomenon, though it is difficult to obtain reliable estimates of the pace of such smuggling. What is clear is that there are far more guns in the hands of these armed militias today than there were when the PA took over. Given that these organizations' activists number in the hundreds, the implication of even the conservative figure of 2,500 is that any activists' cell of a few people interested in launching an attack on an Israeli target has access to several weapons with which to do so. In addition, there has been a massive influx of bombs and explosives of various types, via imports and local manufacturing.

To date, according to estimates made by high-ranking officers in the Palestinian police force, the PA has registered between 400 and 800 weapons. Since these records are not public, it is difficult to confirm that these figures are accurate, and Israeli intelligence sources tend to put the figure lower. What is beyond dispute is that among the weapons that have been licensed are sub-machine-guns, a clear violation of the accords.

More important than licensing is confiscation, which if carried out on a wide scale could make it more difficult for would-be terrorists to carry out their attacks. To date, the number of weapons confiscated is in the dozens at most. The policy of the Palestinian Authority, as told to Peace Watch by high-ranking police officials, and confirmed by leaders of Hamas and Islamic Jihad, is to refrain from disarming any of the five active militias. The Palestinian Authority's Minister of Justice, Freih Abu Middein, stated this policy publicly in May of 1995. Today, Hamas, Islamic Jihad, the Popular Front for the Liberation of Palestine, the Democratic Front for the Liberation of Palestine, and Fatah all remain armed, and unhindered. There have been some efforts to restrict the public display and use of guns at sports matches and funerals, but even these have been only partially effective.

Recruitment, planning, and training go on in Gaza virtually unchallenged by the PA. Almost all of the major acts of terrorism in the last year—the kidnaping-murder of Nachshon Waxman, and the suicide-bombings at Dizengoff Center in Tel Aviv, at Beit Lid, and at Kfar Darom, for example—have been planned in Gaza. Training facilities are known to operate with the knowledge of the Palestinian police, though Peace Watch has been unable to obtain reliable information on how widespread training activities are. Many mosques openly serve as grounds for recruitment of

activists to Hamas and Islamic Jihad, though there have been some limitations on these activities in the last few months.

As for the prevention of planned attacks, Palestinian officials and especially Yasser Arafat have claimed credit for preemption in at least a dozen cases. Given the nature of such claims, it is difficult to confirm or disconfirm, especially since PA officials have generally been unwilling to give details. Peace Watch was able to examine three of the claims in depth, however, and the results of the investigations demonstrates that there is, at a minimum, substantial gaps between the claims and the reality.

A February 14, 1995 claim to have destroyed 200 kilograms of explosives turns out to have been an error, since the substance in question was in fact pesticides belonging to a Mr. Majdi Abu Ralal, the owner of the field in Khan Yunis where the "discovery" was made. An attempt to commit a suicide-bombing using a bus wired with explosives, supposedly preempted near Jericho in early February, was, according to Peace Watch sources, a fabrication. There was no bus, no bomber, and no explosives.

In one other case, in Gaza, in which Chairman Arafat claimed that the Palestinian police stopped a planned suicide-bombing attack, there was some measure of truth to the report. A father had come to the police complaining that his son was being pressured at the mosque at which he prayed to agree to become a suicide bomber. The Palestinian police arrested the recruiters, and thus stopped them from turning the complainant's son into a potential suicide bomber. This success is noteworthy, though it is not what it was advertised to be—the preemption of a specific, planned attack. All in all, there is no doubt that there have been some Palestinian police successes in preemption, but it is not possible to estimate how widespread they have been.

A fourth strategy of preemption, negotiation with the parties likely to use violence, has been tried at times by the Palestinian Authority. From mid-April to late July of 1995, perhaps due in part to a tacit understanding between the PA and the Islamic terrorist organizations, there was a 99-day stretch in which no Israelis were killed in terror attacks. Nonetheless, there were numerous non-fatal attacks during that period. Hamas and Islamic Jihad claimed that the hiatus was their independent initiative, based on their calculations of the interests of the Palestinians generally, as well as their organizations specifically. Some of the credit for the 99-day hiatus goes to Israeli security forces, who poured what by many accounts were unprecedented resources into preventing attacks in this period. And finally, once the hiatus ended, the suicide bombings and other attacks resumed at their previous intensity. Given all these factors, it is difficult to assess how much weight to give to the PA's attempts at negotiation.

On the punishment side of the ledger, there are three areas that must be examined. The first of these is arrests and incarceration of individuals

involved in terrorist activities; the second is trials of individuals suspected of particular crimes; and the third is the transfer of suspects for trial in Israel.

First of all, it can be stated categorically that from mid-May of 1994 until after the suicide-bombing attack on Beit Lid in January of 1995, there was no use of any of these means of punishment. The only steps that were taken during that period were mass arrests, followed by mass releases, in what became known as "revolving door justice." In the wake of major terror attacks, such as the kidnaping-murder of Nachshon Waxman and the suicide-bombing in Dizengoff Center of Tel Aviv, the PA would round up several dozen individuals affiliated with whatever group had taken credit. Care was generally taken to avoid arresting the members of the military wing; jails were instead filled with the political activists from these groups. Most of those arrested were released within a matter of hours, and the remainder within a couple of weeks.

During the three-month period from the mid-January attack in Beit Lid to the April suicide-bombing at the Kefar Darom settlement in the Gaza Strip (which claimed 8 lives, including American Alisa Flatow) the PA's policy underwent a change. For the first time, a few dozen of the individuals arrested remained in prison for a period of months. The people thus incarcerated were not for the most part the suspects in planning or carrying out the raids, so it was still the case that perpetration of terror went unpunished. Nonetheless, the policy represented a clear change in that it demonstrated a willingness to make use of some form of punishment.

Shortly after the bombing in Kefar Darom, the PA began using its military court system, which had been established two months earlier but had remained inactive. These courts meted out sentences after trials that often lasted as little as 15 minutes, and which were routinely held in the middle of the night without the presence of a defense attorney or the family members of the accused.

During the period from April 10, 1995 to May 26, 1995, the military courts in Gaza held trials for 36 individuals, and handed out sentences to 31 of them. The crimes ranged from selling food which had spoiled, to writing articles critical of the Palestinian Authority, to selling weapons illegally, to preparing recruits to Islamic organizations to become suicide bombers. The sentences handed down ranged from a few months in jail to life imprisonment, though most sentences were for less than a year. After May 26th, no more trials were held in Gaza. (Two trials were held in Jericho in late August and early September, though this was done in order to take advantage of a provision in the accords enabling the PA to refuse to hand over for trial in Israel someone who is serving out a sentence given by a Palestinian court.)

As with the previous patterns of "revolving door" arrests and longer-term arrests, the people sentenced were not among the "heavyweights" of any of the terror groups. They were principally preachers, journalists, and low-

level recruiters, as opposed to the individuals involved in planning or carrying out attacks. Nonetheless, the existence of the trials and sentencing meant that the PA was willing to use a weapon beyond what many observers anticipated, and probably served in some respects as a deterrent.

In the third area of punishment, the transfer of suspects for trial in Israel, the PA has maintained a consistent policy of refusal. It should be noted, in this context, that in Annex III of the Gaza-Jericho accords, which deals with legal matters, Article II (7) sets out in unambiguous terms that: "Where an individual suspected of, charged with or convicted of an offense that falls within Israeli criminal jurisdiction is present in the Territory (of the PA), Israel may request the Palestinian Authority to arrest and transfer the individual to Israel," and that "Both sides, upon receipt of a request in accordance with this Article, shall effect the arrest and transfer requested." Thus, as long as Israel submits a proper request backed up by an Israeli court and the Attorney-General's office, the PA is obligated, without exercising its own judgment about the merits of the case, to hand over the person who has been requested.

This clear obligation notwithstanding, the PA has not turned over any of the 11 suspects in cases of murder or attempted murder, for whom Israel has submitted formal requests. In the case of two of the suspects, the PA justified its refusal on the grounds that the murder was committed before the accords were signed between Israel and the PLO, and hence Israel was out of bounds in making the request. This interpretation, it should be noted, does not correspond with the plain meaning of the text of the agreement, which draws no distinction between crimes committed before or after the date of signing. The PA refused to hand over two other individuals, first on the grounds that they were in Egypt and not Gaza; when it became publicly known that they were in fact in Gaza, the PA then claimed that Israel had not filled out the paperwork properly. In the case of the other seven suspects, the PA has not answered the requests, and has not handed over the individuals.

In addition to its formal requests, Israel has also made informal requests for another dozen or so suspects in terror attacks. These informal requests, which are accompanied by substantial evidence but lack the full documentation of the formal requests, are not binding. The PA, to date, has also denied all of these requests, though in several cases involving criminal acts, the PA has acceded to informal Israeli requests.

The PA's pattern of refusal is not happenstance, but is rather the consequence of an explicit policy. Lieutenant Colenel Rashid Abu Shbak, Deputy Commander of the Palestinian Intelligence Service in Gaza, told Peace Watch in June of 1995 that: "No wanted suspects will be handed over to Israel, because there now exists a new situation of peace in which one should not look backwards." General Nasser Yussuf, the head of the Palestinian police, confirmed this policy a few days later when he said that, "The PA's

policy is not to carry out any transfers of security-related suspects." This explicit policy, as well as the particular refusals that it has engendered, constitute clear violations of the accords.

In closing this testimony, I want to cite one further issue of compliance, this one related to Jerusalem, and not to terror. The DOP of September 13, 1993 set aside certain issues, including Jerusalem, which were to be negotiated as part of the final-status talks slated to start by May 4, 1996. In part as a means to prevent the establishment of facts which would prejudice the final status of Jerusalem, the Gaza-Jericho accords also specified that: "The offices of the Palestinian Authority shall be located in the Gaza Strip and the Jericho Area pending the inauguration of the Council to be elected pursuant to the Declaration of Principles." This prohibition, while applying to the placement of offices anywhere outside of Gaza and Jericho, was meant in particular to keep PA governmental offices out of Jerusalem.

Despite the existence of this clear prohibition, the PA has located no fewer than 11 of its principal offices in Jerusalem: the Palestinian Ministry of Religious Affairs, the Palestinian Energy Center, the Palestinian Bureau of Statistics, the Office of the Mufti of Jerusalem, the Palestinian Economic Council for Development and Reconstruction (PECDAR), the Palestinian Broadcasting Corporation, the Orient House, the Palestinian Health Council, the Palestinian Housing Council, the Institute for the Palestinian Wounded, and the Palestinian Municipality of Jerusalem.

What is more startling than the total number of institutions is the openness with which many of the institutions in question point to their links to the PA. The Palestinian Minister of Religious Affairs, whose office is located in Jerusalem's Old City, told Peace Watch that he receives his budget and his orders from the PA. His business card reads: "Hassan Fatin Tahboub, Minister of the Wakf and Religious Affairs, State of Palestine, Jerusalem." PECDAR's office distributes an organizational flow chart which shows that it is directly subordinate to the Palestinian Authority, which in turn is directly subordinate to the PLO.

As in the case of the refusal to transfer suspects, the issue of PA institutions features a clear obligation which goes in one direction, and an equally clear pattern of behavior which goes precisely the opposite way. It is worth noting that in both cases, the Government of Israel has protested the Palestinian behavior both publicly and in direct, face-to-face talks. From a compliance perspective, such cases are particularly troubling, since they indicate a clear willingness to flout the accords.

There are hundreds of additional obligations, large and small, in the accords signed to date by Israel and the PLO. The limits of time and space preclude me from going through them one by one. I hope that the analysis presented of several of the most significant obligations is of value to this committee in its work of overseeing the Middle East peace process.

TESTIMONY BY ROBERT SATLOFF
TO THE HOUSE INTERNATIONAL RELATIONS COMMITTEE
SEPTEMBER 20, 1995

Mr. Chairman, three days ago, I returned from an extended visit to the region, during which time I led a fifty-member delegation from The Washington Institute that met with senior leaders in Turkey, Jordan, Israel and the Palestinian Authority. This included sessions with Turkish President Demirel and Prime Minister Ciller; Jordanian Crown Prince Hassan and that country's military leadership; Israeli Prime Minister Rabin, Foreign Minister Peres, Chief of Staff General Shahak and leaders of the Likud opposition; and Palestinian Authority Minister Dr. Nabil Shaath. A particular highlight of the trip was the convening in Amman of The Washington Institute's annual policy conference. This year, our theme was *Building on Peace,* with two hundred Arab, Israeli and American officials, diplomats, scholars and businessmen taking stock of the Jordan-Israel peace one year on and discussing ways to capitalize on that achievement to build wider regional security and economic growth.

With this intensive experience fresh in my mind, I would like to offer the Committee informed assessments on such issues as the prospects for the Oslo II second-stage agreement for Palestinian self-government; the stability of the Jordan-Israel peace treaty; the impasse in Syria-Israel negotiations; and the challenge to the peace process posed by radical extremists. I also have several suggestions regarding U.S. policy toward the peace process that may be of value to the Committee.

First, in a process replete with critical moments, we are entering one of its most critical -- Gaza-Jericho was a signal achievement; however, it was only the first phase of an interim arrangement; despite great misgivings about the record of Oslo, both Israel and its Palestinian partner have decided to press on to a second-stage agreement; this will include Israeli redeployment out of populated areas in the West Bank, elections for a Palestinian Council, and the extension of Palestinian self-government throughout the West Bank. This is a complex and complicated agreement; it envisions three zones of withdrawal and differing rules for security governing these zones. Implementing this agreement will be exponentially more difficult than implementing Gaza-Jericho. Nevertheless, and despite the continuance of terrorism by radical elements opposed to the peace process, Israel believes its best interests lie in advancing to the next stage of the process so as to ensure that Gaza-Jericho does not wither on the vine, as many Arab friends of the Palestinians seem willing to permit. While there is great anxiety among the Israeli public and within the Israeli army about implementing the next phase, significant majorities continue to support the government's pursuit of the peace process.

Second, the Palestinian Authority has had a few good months -- Palestinian capital is reportedly beginning to arrive in Gaza, $600 million since the new year; cooperation between the Israeli and PLO security forces has improved significantly. Nevertheless, there is still much room for improvement, both in terms of promoting free market investment and, especially, in terms of taking preventive and preemptive measures to combat terrorism. In my view, the key for the next

phase will be whether the PA adopts the Gaza model in the West Bank or the Jericho model -- the former being a laisser-faire attitude toward radical groups and their possession of weapons, the latter being an activist approach to security. Replicating the Gaza model will be a recipe for disaster; an activist approach may prove successful.

Third, Jordan-Israel peace is perhaps the most hopeful element in the new Arab-Israel equation but it needs support lest it grows sterile. The key theme of our conference in Amman was that this peace is much more complex than a personal agreement between King Hussein and Prime Minister Rabin; that personal connection may carry the day for a period of time, but for peace to survive its creators, it must be bolstered by tangible changes in the lives of the people that are affected by it -- especially the Jordanians. The success or failure of the Jordan-Israel peace should not be left hostage to the success or failure of the Israel-Palestinian relationship; to ensure that, it is necessary to find low-cost ways to assist the Jordanians and to convince Jordan to turn its economic sights from Iraq in the east to the West Bank, Israel and the Mediterranean in the west.

Fourth, despite all the talk about Syria's strategic choice for peace, it is not yet clear whether Syria is part of the problem or part of the solution. Syria today is the only peace process principal that continues to entertain the use of terrorism as policy and that is engaged in terrorism against the process it purports to support. Today, living in Damascus or the Syrian-controlled Bekaa Valley, are anti-peace process terrorists and anti-Turkish terrorists; Syria is taking direct steps to undermine reconciliation among the Iraqi Kurds; and it is flouting procedural agreements to renew the peace talks with Israel. I can find little evidence that repeated U.S. entreaties and demarches to Syria have brought any results.

U.S. POLICY --

① The peace process is very much in U.S. interests. With the absence of the Soviet Union, the rationale has shifted but has not diminished; it used to have a defensive rationale -- keeping the Soviets out -- but is now more positive and forward-leaning to create a strategic consensus among moderate, pro-West elements -- Arabs, Israelis and Turks -- to combat the twin threats of Iraq's secular radicalism and Iran's religious militancy. Success will require American leadership to deter the region's radicals, especially Iraq and Iran. This is where the process begins. Without it, the process withers.

② Work with the peacemakers. The partnership between Israel and Washington is an essential ingredient in Israel's ability to take risks for peace. With the Palestinians, the U.S. has a unique role to play in helping to shore up the pro-peace elements in the Palestinian community, while at the same time insisting on full efforts to achieve compliance with contractual obligations. With Jordan, the U.S. should not be penny-wise and pound-foolish; all the makings of a warm peace are present, let's nurture them. With Egypt, great attention should be paid -- this is the most important relationship the U.S. has in the Arab world; as Egypt works through the implications of no longer being the sole Arab state at peace with Israel, it is vital for us to work now to develop new dimensions to the strategic relationship between our two countries.

③ With Syria, let's step back a moment. America has proved its urgency for progress via the great efforts undertaken by Secretary Christopher to broker a Syria-Israel deal. The Israelis have also gone to great lengths to accommodate Syrian demands, however, there is no comparable urgency from the Syrians. While America should stand ready to take significant steps to help achieve peace, it need not exert greater efforts than the principals themselves. In the absence of those efforts from Damascus, America has a long list of outstanding bilateral issues which have lain largely dormant over the past two years -- terrorism, proliferation, Lebanon, narcotics, counterfeiting, and human rights. With Secretary Christopher meeting Foreign Minister Sharaa next week in New York, now is the time to move the agenda of U.S.-Syrian relations to issues of immediate American interest.

A concluding note -- as an historian, let me urge all of us to take the long view. Though great progress has been achieved, there is still very far to go. We are still in an early phase -- getting leaders to make peace and; it will take years before those strategic decisions filter down to the people. This process has years, perhaps decades, before the conflict between Arabs and Israelis is over; we are far from that point today. We must keep this time factor in mind. Success in the peace process is not just one shuttle mission or one signing ceremony away.

Like the stock market, the peace process is on an upward slope but it is not immune from great shocks. Successes are not irreversible; achievements are not irrevocable. The process can falter; it can stop; it can succumb to terrorists; nothing is inevitable; nothing is truly impossible. We must take nothing for granted nor can we assume that yesterday's problems will not reappear again tomorrow. For America, the key to securing its interests is to remain engaged at every step, actively supporting the peacemakers and actively deterring the enemies of peace.

TESTIMONY OF
NEAL M. SHER, EXECUTIVE DIRECTOR
AMERICAN ISRAEL PUBLIC AFFAIRS COMMITTEE (AIPAC)
BEFORE THE
HOUSE INTERNATIONAL RELATIONS COMMITTEE
SEPTEMBER 20, 1995

Thank you, Chairman Gilman and members of this distinguished Committee, for the opportunity to testify before you. As Executive Director of AIPAC, I recognize the critical role this Committee plays every year in ensuring that the U.S.-Israel relationship remains strong. Appearing with me is Ester Kurz, AIPAC's Director for Legislative Strategy and Policy. AIPAC believes in the critical importance of U.S. relations with Israel, and recognizes the prominent role that foreign aid plays in accomplishing America's foreign policy objectives -- not only in Israel but around the world. In this regard, I want to express AIPAC's strong support for a viable foreign assistance program.

AIPAC, a domestic, non-partisan membership organization of American citizens, works on a daily basis with its members to nurture a close and consistently strong partnership between our country and Israel. On our Executive Committee sit the presidents of the 50 major American Jewish organizations, representing more than four-and-a-half million active members throughout the United States, as well as leaders of the country's pro-Israel community from all 50 states. AIPAC is the designated spokesman on Capitol Hill on behalf of the organized American Jewish community on issues relating to the U.S.-Israel relationship.

Mr. Chairman, we meet at an historic moment. Israel and the Palestinians are about to sign a landmark agreement, which has the potential of transforming relations between the two parties and between Israel and the wider Arab world. A broad Arab-Israel peace would promote three key U.S. foreign-policy objectives: greater regional stability, containment of radical forces and states, and secure flow of Persian Gulf oil. These bring enormous political, economic, and strategic benefits both to the United States and Israel.

But in concluding this agreement, Israel is taking unprecedented risks for peace, predicated on support from its one reliable ally, the United States of America. The alliance between the two countries serves as the bedrock of Israel's security and the guarantee of stability in the region. Israel is able to take risks for peace only when it is confident that the United States stands behind it. U.S. support is vital to achieving the goals of the agreement; to minimizing the risks that Israel is taking; and to making sure that Israel is not harmed in the event that things don't go well.

There is a wide range of opinion in the pro-Israel community, as there is in Israel, regarding which is the best path to peace between Israelis and Palestinians. But

there is a consensus that the critical decisions regarding peace and security must be made by the democratically elected Government of Israel in free and direct negotiations with its Arab counterparts.

The Government of Israel has arrived at such a critical decision. It is about to sign an agreement with the Palestinians committing the State of Israel to a specific course of action.

The United States Congress has a vital role to play in helping ensure the success of the impending agreement. First and foremost, it needs to support the peace process by maintaining U.S. aid to Israel. As stated in a May 4, 1994 letter to Prime Minister Rabin coauthored by Senators Robert Dole and George Mitchell, which ninety-two senators signed: "As you work for peace and reconciliation, please know that we will continue to do our best to provide Israel with the economic and defense assistance it needs, because we believe a just and lasting peace can only succeed if Israel is strong and secure." To that end, let me take this opportunity to thank the members of this Committee for supporting $3 billion in aid to Israel in the FY 96 Foreign Aid Authorization Bill, HR 1561.

Another important contribution Congress can make to the peace process is support for the renewal and strengthening of the Middle East Peace Facilitation Act (MEPFA) as contained in the Senate version of HR 1868. MEPFA has already made an important contribution to the peace process. By linking aid and overall relations with the United States to PLO compliance with its commitments to renounce terrorism and violence and accept Israel's right to exist, it has provided the Palestinian Authority (PA) with an incentive to comply with the PLO's commitments.

Since MEPFA was first enacted, the PLO's record of compliance -- while still far from adequate -- has improved, particularly in recent months. The PA has reportedly prevented a number of Islamic terrorist acts --including suicide attacks -- against Israel. There have been consistent reports of high levels of cooperation between Palestinian and Israeli security forces. And wanted terrorists have been subjected to long prison terms by the PA.

But, clearly, much more needs to be done. PLO Chairman Yasir Arafat's has delivered speeches -- captured on tape -- in which he has called for jihad and praised Palestinian terrorists of the 1970s. We have strongly condemned these outrageous statements, which must stop. Other shortcomings include failure to transfer wanted terrorists to Israel and to amend the Covenant. These problems highlight the need for tougher legislation that would provide Congress with additional leverage to enforce PLO compliance. Arafat must understand that the U.S. Congress is closely watching.

The new MEPFA is, indeed, tougher than existing legislation. In addition to certifying that the PLO continues to comply with its commitments of September 1993, the President would also certify that the PLO is complying with its many commitments under the Gaza-Jericho Agreement of May 1994, including prevention

of acts of terrorism and taking legal measures against terrorists; abstaining from and preventing acts of incitement; and prohibiting the possession, manufacture, sale, or acquisition of weapons. Furthermore, the bill prohibits any aid after six months unless the President further certifies six other items, including disavowal of the Covenant articles calling for Israel's destruction. The bill also introduces financial accountability by requiring the President to certify that U.S. assistance is spent for its intended purposes.

Mr. Chairman, virtually the entire organized American Jewish community has publicly expressed support for MEPFA 1995. In an August 2, 1995 press release, the Conference of Presidents of Major American Jewish Organizations stated: "There is a strong consensus among our 50 national member agencies to support [MEPFA 1995]." We at AIPAC are part of this overwhelming consensus. We have taken note as well that both the Government of Israel and our own Administration are also supportive of MEPFA 1995. We believe that adopting MEPFA 1995 will enhance the peace process and promote American interests; rejecting the bill -- or adopting proposals that would have the effect of denying any aid to the Palestinians -- would cause serious harm.

The new, strengthened MEPFA would maximize the law's effectiveness as a tool to ensure PLO compliance with its commitments. An enhanced MEPFA would help demonstrate to the PA its need to comply with its commitments; were MEPFA to be repealed, or effectively gutted through the attachment of unrealizable or irrelevant requirements, a major incentive for PLO compliance would be lost. We are therefore opposed to legislation that would in effect cut off funding to the PA regardless of any improvements in its performance. Congress should renew and strengthen MEPFA and keep the pressure on the PLO to comply with its commitments.

Mr. Chairman, despite its problems, the peace process has made dramatic progress since that unforgettable day two years ago when Yitzhak Rabin and Yasir Arafat shook hands on the White House lawn. We must ensure that the progress we have witnessed will continue, so that one day Israelis and Palestinians will live together in peace and that Israel will have the peace and security it so desperately longs for and needs.

Orthodox Union

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May 1995

Office of the President
MANDELL I. GANCHROW, M.D.

MANDELL I. GANCHROW, M.D.

Mandell I. Ganchrow, M.D. is President of the Union of Orthodox Jewish Congregations of America and was the driving force behind the creation of the Institute for Public Affairs, which acts as the orthodox Jewish community's voice in matters of public policy. In the past, Dr. Ganchrow served as the Chairman of the I.P.A. and created the Washington, D.C. Summer Internship Program for college students. This program gives young Orthodox men and women the opportunity to become future community leaders as they gain experience and exposure as interns for members of Congress and the Administration.

Dr. Ganchrow has been extremely active in communal and religious affairs. He is the founding President of the Hudson Valley Political Action Committee, constituting 1,600 families in Rockland County, which has become the largest pro-Israel political action committee in the United States, as well as the 100th largest PAC in the country. He has been active in the medical division of Israel Bonds, has served as the president of both the Community Synagogue in Monsey and of the Adolph Schreiber Hebrew Academy of Rockland County and is a member of the Executive Committee of the American Israel Public Affairs Committee (AIPAC). In July 1992 Mendy was appointed to the board of the Women's College of Touro College.

Dr. Ganchrow is a graduate of Yeshiva University (1958) and Chicago Medical School (1962). Upon completion of his residency, he served in Vietnam as a combat Surgeon. He received an Army Accommodation Medal, a Jewish Welfare Board Medal for serving as an active Jewish chaplain. He was promoted to the rank of Major in Vietnam.

Following his discharge from the army, he moved to Rockland County, NY where he established a private practice specializing in Colon and Rectal Surgery. Dr. Ganchrow serves as an Associate Clinical Professor of Surgery at the New York Medical College, has written numerous medical papers, and is a former Chief of Surgery at Good Samaritan Hospital. In addition, he acts as the Police Surgeon for the town of Ramapo. Dr. Ganchrow is also a member of the Rockland County Sheriff's Bureau. In 1992, he was awarded the Bernard Revel Award as outstanding alumnus of Yeshiva University for community service.

WRITTEN TESTIMONY OF

MANDELL I. GANCHROW, M.D.

PRESIDENT

UNION OF ORTHODOX JEWISH CONGREGATIONS OF AMERICA

HOUSE COMMITTEE ON INTERNATIONAL RELATIONS

WEDNESDAY, SEPTEMBER 20, 1995

Mr. Chairman, Members of the Committee, I wish to express my sincerest appreciation to you for allowing me to testify on the Middle East peace process, particularly the Palestinian track and the reauthorization of the Middle East Peace Facilitation Act. My name is Dr. Mendy Ganchrow. I am the President of the Union of Orthodox Jewish Congregations. Today, I represent seven Orthodox organizations: Amit Women, Emunah of America, National Council of Young Israel, Poale Agudath Israel, Rabbinical Council of America, Religious Zionists of America and the Union of Orthodox Jewish Congregations of America, all national mainstream Orthodox Jewish organizations.

We are all members of the Conference of Presidents of Major American Jewish Organizations, as well as active members of AIPAC. We have all supported the search for Middle East peace. We stood together on the White House lawn a little over two years ago in support of the search for peace. We stood together in the Jordanian-Israeli desert in support of the search for peace. Yet, this search has come at a cost so dear to the people of Israel. The continued call for jihad in Arabic by Mr. Arafat, the poor performance of the Palestinian Authority, including its failure to return those who engage in terrorist attacks as requested by the Israeli authorities in accordance with the Oslo Accord, the politically sponsored activities of the Palestinian Authority in Jerusalem and Orient House in contradiction to the Oslo Accord, the failure to disarm Hamas in the self-rule areas, and the continued increase in horrendous terrorist attacks against innocent Jews all require and demand that we place the tightest and most productive restrictions on U.S. aid to the Palestinians.

A newly published American Jewish Committee study indicates that two-thirds of American Jews are opposed to any American aid to the Palestinians. This despite the fact that the overwhelming majority support the peace process.

The majority of our organizations joined the Conference of Presidents of Major American Jewish Organizations in supporting Helms-Pell, which strengthens the Middle East Peace Facilitation Act. However, we believe that there are some major loopholes which weaken this Act and that require strengthening by Congress. We joined the Conference of Presidents in stressing the need for stronger language and additional safeguards to guarantee that the bill's intentions are carried out to the fullest.

We recommend that all the money that has been appropriated by the Administration be placed into an escrow account for a period of six months, during which the Palestinians and Mr. Arafat can demonstrate their compliance with the Oslo agreement. If they live up to the accords, then the aid will be made available.

Our testimony is in the spirit of the resolutions adopted at the AIPAC Annual Policy Conference of 1995 that call for total compliance on the part of Mr. Arafat before receiving U.S. funds. I quote the AIPAC Policy Statement of 1995 that "continues to support the Spector-Shelby-Lowey Amendment which ties U.S. funding to the Palestinians to PLO compliance with its commitments. AIPAC will be working with Congress to renew and greatly strengthen the Middle East Peace Facilitation Act in order to maximize its effectiveness as a tool in pressing for PLO compliance with its commitments to renounce and condemn terrorism, recognize Israel and negotiate differences peacefully, prevent terrorism and prosecute terrorists, prevent incitement to violence, bar unauthorized forces, extradite terrorists to Israel, ensure that the Palestinian police cooperate with Israel's security forces, and amend the Palestinian covenant."

We must make the PLO accountable. In order to facilitate that, we suggest that all funds for the PLO and the Palestinian Authority should be placed in escrow for six months while the U.S. government determines that they are in compliance with their obligations. Each of the following should take place in order for the money to be appropriated. The failure to carry out these obligations would be cause for withholding aid, by law, not by "sense of Congress" as contained in the Helms-Pell reauthorization of MEPFA.

1- The PLO Charter, which is replete with calls for the destruction of Israel, must be renounced and repealed by the Palestinian Authority in its entirety. Declaring that it is superseded by events on the ground is not sufficient. We equate this charter with the Zionism is Racism resolution which was repealed at the insistence of the Congress of the United States and the citizens of this country, even though it was insinuated that the resolution was irrelevant.

2- The failure to disarm Hamas, the presence of huge numbers of weapons held by individuals in the area controlled by the Palestinian Authority and the failure to stop new smuggling of arms into these areas cannot be tolerated. This should not be considered a violation of the "sense of Congress," as stated in the bill, but should be considered a legal cause for American aid to be terminated.

3- The Palestinian Authority must carry out the mandate of the Oslo Accord that those who engage in terrorist attacks must be turned over when requested by Israel. To date, not a single terrorist has been returned.

4- Mr. Arafat and the members of his cabinet must stop their inflammatory language including calls for jihad, the destruction of Israel, the killing of Jews and the glorification of those who have killed Jews. Recent tapes of these statements by Arafat are available to every member of Congress. Arafat cannot continue this incendiary rhetoric and still receive U.S. aid.

5- All Palestinian offices in Jerusalem, especially Orient House, which are there in contravention of the Oslo Accord, should be closed. All political activity should take place in Jericho and Gaza as stated in the agreement.

6- This Act should only be reauthorized for a maximum of 12 months or less in order to provide full opportunity to evaluate compliance.

7- We believe that the Congress of the United States should investigate allegations of misuse of funds intended for housing and other purposes in Gaza and Jericho by the Palestinian Authority, and which instead may have been illegally diverted to buy houses and property within Jerusalem in order to create facts on the ground.

8- We believe that the GAO report which was commissioned to investigate the extent of PLO assets should be made public so that every Member of Congress can have this information prior to voting on a MEPFA reauthorization. If it is found that the PLO has substantial assets, we would strongly oppose any further financial assistance by the United States to the Palestinian Authority.

All of the aforementioned should be legal grounds for termination of U.S. funds, rather than being considered merely a violation of "a sense of the Congress."

Finally, we ask that Congress include a provision in MEPFA that any attempt by Yassir Arafat or any official of the Palestinian Authority to declare a Palestinian state be automatic cause for cutting off all funds from all sources. A Palestinian state would be contrary to the interests of America and would destabilize the Middle East region.

Mr. Chairman, we support the efforts for peace, but peace can not be won if American taxpayer dollars continue to support appeasement, terrorism, and calls for jihad, as well as the undermining of attempts at stability in this volatile area.

Mr. Chairman, we support an honorable and enduring peace. American funds play a vital role in providing the incentive for Middle East parties to live up to their obligations. Mr. Arafat has a record of murder, deceit, duplicity and non-compliance. Let us work for peace by making sure that Israel's security is ensured. Let us ensure that American policy interests are safeguarded. This can only be accomplished with complete compliance on the part of the Palestinian Authority. Let us send a message to Mr. Arafat. Comply with your obligations and reassure us through both words and your deeds that you are truly pursuing peace and we will do our part.

Mr. Chairman, I thank you for your courtesy and your time.

American Jewish Committee
Biographical Sketch

DAVID A. HARRIS
EXECUTIVE DIRECTOR

David A. Harris is the Executive Director of the American Jewish Committee. Prior toassuming his current post, he served in Washington as AJC's Director of Government and International Affairs.

He was educated at the University of Pennsylvania, the London School of Economics and Oxford University. He also studied in France and taught in the Soviet Union, and is fluent in several languages.

Mr. Harris has travelled extensively to Africa, Asia, the Middle East, Europe, and Latin America on behalf of Jewish interests - monitoring the condition of Jewish communities, combatting anti-Semitism, enhancing understanding between Jews and other groups.

He was the National Coordinator of the historic Freedom Sunday for Soviet Jewry rally in Washington, D.C., in December 1987 that brought 250,000 people to the nation's capital. In June 1990, he was named by the State Department as a Public Member of the U.S. delegation to the Conference on Security and Cooperation in Europe.

His more than 100 published writings on East-West relations and the Middle East have appeared in leading magazines and newspapers, and he is the author of three books: "The Jokes of Oppression" (Jason Aronson), "Entering A New Culture" (Liberty), and "The Jewish World" (Liberty), the latter two in English and Russian.

Mr. Harris, recently named by *Lifestyles* magazine as one of 18 North American Jews "who will serve as the leaders as we approach the 21st Century," earlier was cited by the *Jewish Monthly* as one of the "rising stars" in American Jewish life.

Mr. Harris is married to Giulietta Boukhobza. They have three sons.

"PERSPECTIVES ON THE MIDDLE EAST PEACE PROCESS"

TESTIMONY OF
DAVID A. HARRIS
EXECUTIVE DIRECTOR
THE AMERICAN JEWISH COMMITTEE

BEFORE THE
COMMITTEE ON INTERNATIONAL RELATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 20, 1995

Mr. Chairman, thank you for affording the American Jewish Committee this opportunity to present our perspectives on the Middle East peace process at this critical stage in its evolution, as well as to outline the findings of our most recent survey of American Jewish attitudes about Israel and the peace process. Before proceeding with my testimony, Mr. Chairman, I also wish to thank you on behalf of the American Jewish Committee for the keen understanding you have always demonstrated of the importance of the mutually beneficial relationship between the United States and Israel, and for your leadership in support of Israel as it seeks to open a new era of peaceful, cooperative relations between Arabs and Jews across the Middle East.

Indeed, Mr. Chairman, it is the belief of the members and officers of the American Jewish Committee that Israel and its Arab neighbors are moving toward a new era in the Middle East. The Arab–Israeli peace negotiations -- which began in Madrid in October 1991, passed a significant milestone with the signing of the Israel–PLO Declaration of Principles in September 1993, and achieved dramatic success in the Israel–Jordan peace treaty signed last October -- hold the promise of thoroughly and constructively remaking relations between Israel and the Arab world.

Our perspective is the result of four years of intensive experience with the peace process, and some 47 years of close involvement with Israel. The American Jewish Committee, dedicated to the protection of Jewish communities in Israel and around the world and the first American Jewish organization to establish a permanent office in Israel, has monitored the peace process from its inception and sought to advance its cause here and in other capitals; AJC attended the Madrid conference and the January 1992 Moscow opening of the multilateral peace talks as an observer, and we have engaged in regular and detailed discussions on the process with senior officials of the U.S. and Israeli Governments, and with the Governments of Arab states across the Middle East and North Africa. Further, our confidence in this process has led us to change the scope of our Jerusalem office from Israel alone, to Israel and the entire Middle East.

Our analyses and our discussions with the principals engaged in the process here and in the region lead us to one conclusion: For all its difficulties, the peace process set

in motion four years ago represents Israel's best chance to depart from the troubled course of modern history and achieve peace with its neighbors.

The difficulties that have marked the road to peace cannot be minimized; the tragedies -- the repeated terror attacks by those bent on destroying the peace process -- cannot be forgotten. Our support for the peace process, and our trust in the judgment of the duly elected Government of Israel on matters of Israel's security, are given in full awareness of the dangers Israelis face, indeed have always faced in a region and among people largely hostile to their existence. It is not the intention of the framers of, and participants in, the peace process to simply dismiss the dangers and redefine the hostility of Israel's foes; it is to fundamentally alter the nature of relations between Israel and its neighbors in order to strengthen Israel's present and future security. Future generations of both Jews and Arabs deserve nothing less.

In just two years since the signing of the DOP, those relations have already changed, to Israel's benefit; not only has Israel made peace with Jordan, but it has engaged in diplomatic and commercial contacts from North Africa to the Persian Gulf, eroding the Arab League economic boycott of Israel and laying the groundwork for future political and economic cooperation throughout the region. Further, Israel's withdrawal from Gaza more than one year ago was not only an essential element in establishing a new relationship with the Palestinians, but it was and remains highly popular within Israel itself. And in Gaza, as anyone can attest who visited there before the transfer of authority and has been back in recent months, there are significant indications of economic, political and even social progress, achieved with the help of U.S. and European aid; indeed, with the Palestinian Authority increasingly succeeding there against the Hamas extremists for control and popular allegiance, Gaza may be the only place in the Muslim world that has actually moved farther away from fundamentalism in the last year.

The Israeli Government's vision since Madrid has been bold but clear-eyed, and we stand behind it in its pursuit of peace with security. Similarly, Mr. Chairman, we commend and support the continued role of the United States -- this Congress and this very supportive Administration -- as it seeks to assure Israel's security on the perilous but promising road to peace. In the American Jewish Committee's support for the Government of Israel as it pursues peace with security, and for our own Government as it seeks to advance the peace process for the benefit of Israel and its neighbors, I know that a sister organization, the American Jewish Congress, wishes to associate itself with my remarks today.

Progress in the talks between Israel and its negotiating partners has not been easy; in fact, on two of the bilateral tracks, with Syria and Lebanon, there has been little progress at all. On the Palestinian track, we are cautiously hopeful that the intensive negotiations in Taba this week will shortly yield a long-sought second phase agreement on the redeployment of Israeli forces, the transfer of broad authority to Palestinians in the

West Bank, and elections to a new governing council. We hope and expect that, when concluded, this critical next step in Arab-Israeli reconciliation will increase the Palestinians' stake in forging a new and mutually beneficial coexistence with Israel. It will strengthen Israel's long-term security while offering maximum protection to Jewish communities on the West Bank.

On the Syrian track, we are disappointed by President Assad's continued failure to fully engage Israel in direct high-level talks -- even after giving assurances to do so in meetings with senior American officials in recent months. Nevertheless, we are hopeful that, with continued American involvement, Jerusalem's willingness to take concrete steps to achieve a new relationship with Syria will be met with an appropriate response from Damascus.

To strengthen the prospect of satisfactory conclusions to these negotiations, and the achievement of true and lasting peace in the region, the American Jewish Committee believes that the critical role played by the United States as facilitator, supporter and honest broker for peace must be extended. We call upon the Congress, Mr. Chairman, to continue to provide the President with the resources and the authority he requests -- in the Middle East Peace Facilitation Act and other measures that may come before this and the other body -- so that the United States may press forward in this noble endeavor for peace. We believe that these efforts by the United States will be further enhanced by the critically important efforts of America's friends and allies in Europe, Asia and the Middle East

In expressing our hope and our support for the Middle East peace process and for continued U.S. engagement in that process, Mr. Chairman, the American Jewish Committee articulates the view of the overwhelming majority of American Jews. In an attitude survey that we published just last week, copies of which have been made available to the Committee, we found that 68 percent of American Jews -- more than 4 in 5 who expressed a view -- support the Israeli Government in its current handling of peace negotiations; 87 percent endorse a continuing American role in the peace process. I should note that there are those who are choosing to read selected data from our survey, and employing those data to justify their own views on the peace process, without examining the survey in its complex and compelling totality.

I'd like to take a moment to outline some of the key findings of our poll -- our third annual survey of American Jewish attitudes toward Israel and the peace process -- and I will then ask that the full survey report be printed in the hearing record.

First, I think it is important to address American Jewish concerns and fears for Israel's security. In the two years since the signing of the Oslo Accord -- two years of difficult and frustrating negotiations, and repeated terrorist acts intended to destroy the peace process -- American Jewish support for the Israeli Government's handling of the

negotiations has declined; the level of support was 84 percent two years ago in the euphoria surrounding the White House signing ceremony, 77 percent one year ago, and 68 percent in our most recent poll. Further, there is widespread, persistent skepticism about the Arabs' intentions toward Israel. Asked if they believed "the goal of the Arabs is not the return of occupied territories but rather the destruction of Israel," 56 percent responded in the affirmative, while 37 percent disagreed -- reflecting deepening doubts since 1993, when a similar question found 42 percent in agreement, and 50 percent in disagreement. Asked if they believed the PLO is "doing enough to control terrorist activity against Israel by Hamas and other Palestinian extremist groups," 91 percent answered "no," 5 percent "yes." Asked if they believed "the Palestinians are interested, or are not interested, in a true and lasting peace with Israel," 51 percent answered "not interested," while 37 percent responded "interested." Asked a companion question about Syrian intentions, 45 percent responded "not interested," 38 percent "interested." By contrast, 74 percent of American Jews believe Jordanians are "interested in a true and lasting peace with Israel," while 17 percent do not.

The message in these numbers, I believe, is twofold: that American Jews, like their Israeli counterparts, need far greater assurance of Arab -- and particularly Palestinian -- intentions of peaceful coexistence with Israel. The rhetoric from Arab leaders has begun to change; it must change more, and quickly. And the action by the Palestinian Authority to control terrorism and punish its perpetrators must continue to be intensified. The United States, this Congress, must continue to convey that message to Palestinian leadership and to the Arab world generally. The second message in this regard from our poll is that there is a clear differentiation by American Jews between those neighbors of Israel -- in this case Jordan -- that have signed a peace treaty and made conciliatory gestures, and those that have not.

I see no contradiction, Mr. Chairman, between American Jews' overwhelming support for the peace process and their profound wariness about the intentions of Israel's neighbors. Indeed, I share those two feelings. Similarly, I am not surprised by the response to another question we posed -- whether the United States should "provide economic aid to the Palestinians"; 63 percent said "no," 30 percent "yes." I find that result consistent not only with American Jews' skepticism about Palestinian leadership, but consistent with general American attitudes about foreign aid to any country. Further, based on the results of other questions we posed, when we asked respondents to weigh their own inclinations and concerns about elements of the peace process with their judgment about the overall merits of the process and the need to press forward in accord with the decisions of the elected Government of Israel, we believe that if we had asked a similarly linked question on Palestinian aid we would have recorded a substantially different response.

But on the critical questions about the validity and the potential of the Arab-Israeli peace process -- and about the Israeli Government's responsibility to manage that process

in a manner that assures its nation's security -- American Jews express support for the policies pursued jointly by Jerusalem and Washington.

Asked, for instance, if they felt the last two years of negotiations "increase the likelihood of another war, or increase the likelihood of peace with the Arabs," 66 percent said they viewed the process as leading to peace, 18 percent to war -- a ratio of more than 3 to 1. By nearly 3 to 1 -- 66 percent versus 22 percent -- American Jews support the Israeli Government's "current handling of the peace negotiations with the Palestinians." And although American Jews do not strongly support "the establishment of a Palestinian state," with 46 percent in favor and 39 percent opposed, a significant margin -- 62 percent versus 31 percent, or 2 to 1 -- would support such a move if that should be a "decision made by the duly elected Israeli Government."

In the final analysis, regardless of their own justified fears and concerns, American Jews are willing to set aside those concerns in deference to the decisions made by the democratically elected Government of Israel. Our survey confirms the confidence our community feels in that government -- and its confidence, as well, in America's partnership with Israel in pursuit of peace in the Middle East. We look to the Committee to maintain that partnership and we call on it to continue its critical support of the Government of Israel as it seeks -- and takes risks for -- a new era of peace with its neighbors. Thank you.

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Testimony of Dr. James Zogby

President, Arab American Institute,

on the Middle East Peace Process,

before the House Committee on International Relations,

September 20, 1995

Since the beginning of the peace process, it has become accepted as axiomatic that for the process to succeed, Palestinians must experience the benefit of peace. It was understood that merely expanding economic opportunities for Palestinians would not be sufficient to make peace, but without such growth, achieving peace would be impossible.

Seen in this context, there is a certain tragedy in witnessing the reality of Gaza and Jericho today. Where there was great optimism and promise, there is now cynicism and despair.

The statistics are staggering. Unemployment in Gaza stands at 62%--a dramatic increase since 1993. Virtual reality projections from international bureaucrats aside, major job creating infrastructure projects have not begun. Open sewage remains a serious health hazard. And as a result of the prolonged closures of Gaza's border with Israel and the fact that no regular access or egress is available to Egypt, Jordan or the outside world, commerce has remained at a standstill.

While two years ago the per capita GNP of Gaza was $800 (in contrast to about $14,000 for Israelis and $1,600 for West Bank Palestinians), today Gaza is actually poorer than when peace was signed.

Surely something is very wrong. While there is plenty of blame to go around, I do not believe that the fingerpointing at the National Authority is helpful or correct. It was simply unwise to assume that the Palestinian National Authority could create an accountable and efficient state apparatus out of whole cloth. Lacking full authority, control over resources and inheriting neither a physical nor administrative infrastructure--it is a wonder that the Palestinians have accomplished as much as they have.

Unlike recent transformations in South Africa, Russia or Eastern Europe, the Palestinians inherited no state and no functioning economy. What was required to assist them was a FEMA-like approach to reconstruction. What they got were observers, studies, pledges and unfulfilled promises of projects, and blame.

I am pleased to note that in the past year our own Agency for International Development (AID) has recognized this reality and the urgency of the crisis in Gaza and has taken steps to redirect U.S. dollars in an effort to meet immediate needs.

The U.S. cannot do the job alone. But our $75 million sends an important signal of our commitment to the development of Palestinian society and to the peace process. What, of course, are required are the billions of dollars that were pledged by other donor nations but remain uncollected. Even today, change can come to Gaza. Rapid implementation of a massive overhaul of the region can save a fragile peace process.

Young Palestinians of Gaza and the West Bank want nothing more than to have a job, live a meaningful life, raise a family, provide for their children and see their grandchildren prosper. Their anger, all too often seen, is a product of despair -- it is born of the fear and frustration that they have no future.

If peace is to survive, we must attack this crisis with all of the resources and capabilities we have--and without delay or encumbrances to show the Palestinian people that the promise of peace can be realized.

Understand that building a comprehensive peace in the Middle East is much like constructing an inverted pyramid. The foundation, the point at which the ultimate stability of the entire enterprise rests, is embedded in the sands of Gaza and in the rocky terrain of the West Bank.

Unfortunately, no sooner had the process begun, than attention turned to the more glamorous and potentially lucrative sixth and seventh stories in Casablanca and Amman, while the foundation in Gaza remained unfinished and what had been started was in danger of crumbling under the weight of neglect.

Shimon Peres, Israel's Foreign Minister, has said repeatedly that every dollar invested in the Palestinian economy is an investment in the security of Israel. From the Palestinian view, each job created is a vote for peace and the leadership that made peace possible.

If we do not do more and do it quickly, we are in danger of further eroding confidence in the process and endangering the entire edifice of peace.

I urge you not only to continue U.S. assistance to the Palestinians, but to remove from that assistance the encumbrances you have placed on it.

No sooner had the euphoria of September 13th passed, when many in this body began once again to use the harsh language of the past to describe the Palestinian leadership. That rhetoric sends the wrong message. It says to the Palestinians that they continue to be viewed with distrust and enmity. To impose ever more severe compliance requirements on U.S. assistance to Palestinians without similarly conditioning U.S. assistance to Israel compromises our role as an impartial broker in the peace process.

If this body is to make a contribution to peace, it must send a message of hope and healing to Israelis and Palestinians alike.

Do not import the anger and fear of those who do not want this process to succeed. Export rather our American commitment to a new reality and a new relationship where Palestinian rights and security and Israeli rights and security are mutually recognized and reinforced by U.S. support for both peoples.

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TESTIMONY

RAND H. FISHBEIN

PRESIDENT, FISHBEIN ASSOCIATES, INC.
ROCKVILLE, MARYLAND

MEMBER, ADVISORY BOARD
CENTER FOR SECURITY POLICY
WASHINGTON, D.C.

**"PLO COMPLIANCE:
A PREREQUISITE FOR U.S. ASSISTANCE"**

BEFORE

THE HONORABLE BENJAMIN GILMAN, CHAIRMAN
THE INTERNATIONAL RELATIONS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

SEPTEMBER 20, 1995

WASHINGTON, D.C.

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Before beginning my testimony, I would like to request that my revised and extended remarks be included in the record along with supplementary material bearing on my testimony. In addition, given the short notice which I, and the other witnesses at this hearing have had to prepare our remarks, I would like to ask that the period for formal submission of material for the hearing record be extended for not less than fourteen working days.

Mr. Chairman, my name is Rand H. Fishbein. I am here representing myself and the Center for Security Policy, where I serve on the Board of Advisors. Formerly, I served as the Special Assistant for National Security Affairs to Senator Daniel K. Inouye and as a Professional Staff Member of both the Senate Defense Appropriations and Senate Foreign Operations Appropriations subcommittees.

Mr. Chairman, I wish to thank you for the opportunity to address the committee on an issue of critical importance to millions of Americans. The issue concerns the decision of this Administration, with the support of Congress, to provide $500 million in assistance to the Palestine Liberation Organization (PLO).

In the twenty-four months since the Declaration of Principles was signed on the White House lawn, approximately $100 million in U.S. assistance has gone to support PLO activities in the administered territories of Gaza and Jericho. This has occurred without the usual accountability demanded of other recipients of U.S. foreign assistance and without the usual scrutiny of Congress.

Instead, we have been witness to a grand public relations campaign designed to convince even the most skeptical observers that one of the most notorious terrorist organizations of the twentieth century has mutated into a democratic entity respectful of law and order and fundamental human rights. This, of course, could not be further from the truth.

Even, you, Mr. Chairman, referred to a recent State Department report on PLO compliance as nothing more than a "whitewash." A growing segment of the American public, if not a majority, is inclined to agree with you. As hours of recently recorded speeches of Yasir Arafat clearly demonstrate, he has no intention of abiding by a peace with Israel or any of the commitments he has made to our Government. He and his followers are bent upon using the Oslo Accords, brokered with U.S. assistance, as a vehicle for waging a gradual war of annihilation against the State of Israel.

Incredibly, the President and many Members of Congress are prepared to underwrite this baffling policy by supporting an extension of the current law, the Middle East Peace Facilitation Act (MEPFA), which would place virtually no conditionality on U.S. assistance to the PLO. Under MEPFA, the PLO is held to no clear standard of performance. Instead it relies on the "good faith" intentions of the PLO. The strongest compliance provisions of MEPFA are in a "Sense of Congress" section that has no enforcement authority. Moreover, MEPFA permits U.S. funds to be channelled through international organizations such as the United Nations and the World Bank.

For years the Congress has received harsh reports critical of the poor financial controls and widespread project mismanagement which often have plagued these organizations. To make matters worse, Yasir Arafat has shown no inclination to modify the standard PLO practice of having all PLO assets secretly controlled and disbursed by him.

Still, the United States is prepared to support an approach that reduces, rather than enhances, congressional oversight of funds to the Palestinians.

The issue here is not one of opposition to the peace process or dissatisfaction with Israeli Government efforts to find a new method of coexistence with the Palestinians. Rather, the question is whether the United States will insist upon its own standards of conduct when it is called upon to render assistance to both parties.

I believe that it is imperative that the U.S. not lose sight of the need to hold the Palestinians to a strict level of both political and financial accountability, just as it does Israel, if the United States is to remain a credible player in the resolution of this and other conflicts.

However, time and again, this Administration is prepared to overlook the PLO's wholesale violations of the Declaration of Principles in a headlong rush to float the current peace process on a bubble of cash. Already, this bubble is on the verge of bursting as the PLO flagrantly violates most of the solemn commitments it has made not only to Israel, but to our President and the Vice-President as well. In a recent Luntz poll, 78% of all Americans surveyed stated that the PLO should be "held accountable to its commitments and comply with the peace accords as a precondition for receiving the rest of the (U.S.) funds."

Simply put, should the United States buy peace at any price. Should we continue to pay for the privilege of Yasir Arafat remaining at the peace table, or should we insist that he make good on his obligations to halt terrorism and to apprehend and extradite PLO members who have harmed Americans and should he now account for the funds now streaming into his coffers.

We are all for peace. But without compliance there can be no peace.

In another context, Arafat's conduct would be seen as simple extortion. Yet when it comes to the politics of the Middle East, it is viewed as the cost of doing business.

It was not too long ago that members of this very committee would have bristled at the thought of funnelling U.S. subsidies to the Palestine Liberation Organization. If Republicans and Democrats could find common ground on any subject, it was the dastardly nature of Arafat himself.

In the past, many of you would have paid a king's ransom to put Arafat on trial. Now, you are prepared to pay a king's ransom to keep him from trial. Today, the world has been turned on its head to the point where even asking fundamental questions about PLO compliance are taboo.

Has our view of responsible congressional oversight changed so profoundly that we can no longer openly and candidly debate an issue of paramount American interest?

Why has it taken two years for this committee to take public testimony on the abysmal record of the PLO in living up to its commitments. History will only judge our collective silence as acquiescence to the tyranny of a process that we all hoped would bring us peace.

Mr. Chairman, this committee now has before it the opportunity to right some of the wrongs of the past. Pending before both houses of Congress is the Middle East Peace Compliance Act of 1995, known as H.R.1960 in the House and S.915 in the Senate.

I ask that you act now and report this important piece of legislation out of committee with a strong recommendation that it be taken up for immediate consideration on the House floor. MEPFA, the current law allowing aid to the PLO must be allowed to lapse when it expires on October 1st. H.R.1960 should be enacted in its place.

H.R.1960, also known as the DeLay-Forbes-Saxton bill, would deny funds to the PLO and the Palestinian Authority (PA) while permitting aid to go to Palestinian humanitarian projects once "substantial, material and timely" compliance has been achieved by the PLO. It recognizes that there is no real distinction between the PLO and the PA, both of which are controlled by Arafat. H.R. 1960 requires that all funds be channelled through U.S. Government agencies and entities or American registered private voluntary organizations (PVOs).

H.R.1960 is a prudent, reasonable and tightly crafted bill. Its provisions are grounded in precedents currently governing the allocation of U.S. foreign assistance. The bill strengthens the peace process and ensures comprehensive financial and administrative accountability over all U.S. funds flowing to territories under Palestinian control.

The bill also would require that the PLO provide compensation to U.S. victims of PLO terrorism and assist U.S. law enforcement in the apprehension and extradition of those responsible for such acts. As far as I know, there is no statute of limitations on the murder of Americans.

The only foundation upon which a true and lasting peace can be built is one in which the negotiating partners comply with the letter and spirit of their commitments. The DeLay-Forbes-Saxton bill promotes peace by providing a strong monetary incentive for compliance. Without compliance, there can be no peace and certainly no U.S. funding.

If the U.S. is to maintain its credibility in fighting terrorism world-wide, it can not be seen to reward individuals who have American blood on their hands. Despite its alluring rhetoric, the PLO has proven with its deeds over the last twenty-four months that they are unreformed terrorists and continue to be a menace to civil society. Arafat, himself, continues to praise the suicide bombers of Islamic Jihad as "martyrs" and celebrates the spiritual leader of Hamas, Sheik Yasin, as a "prince."

Mr. Chairman, everywhere we turn today the United States is demanding that rogue states and peoples comply with their international commitments. In Iraq, we insist that Saddam Hussein comply with U.N. resolutions. In Bosnia, we urge the Bosnian Serbs to heed Security Council decisions. In North Korea we require compliance with IAEA rules and regulations.

Only with the PLO do we suspend our judgement, retreat from a moral posture, and shrink from that honorable determination that in years past has brought respect to America.

Mr. Chairman, members of the Committee, it is not too late to chart a course that will bring honor to the United States, peace to the Middle East and restore the moral authority and leadership of this illustrious legislative body in the area of foreign policy.

Your recommendation that H.R.1960 be brought up for immediate consideration on the House floor would do just that.

Thank you.

MORTON A. KLEIN: BIOGRAPHICAL NOTES

Morton A. Klein, the National President of the Zionist Organization of America, is an economist and portfolio manager who served in the Nixon, Ford and Carter Administrations. He is also a consultant/biostatistician to the UCLA School of Public Health and the Linus Pauling Institute of Science and Medicine in Palo Alto, California, having worked closely with two-time Nobel Laureate Linus Pauling. Mr. Klein has also worked as a lecturer in mathematics and statistics at Temple University.

Mr. Klein is widely regarded as one of the leading Jewish activists in the United States. The national Jewish weekly *Forward* recently named Mr. Klein as one of the top five Jewish leaders in the United States today. His efforts on Capitol Hill on behalf of America-Israel friendship, and his successful campaigns against anti-Israel bias in textbooks, travel guides, universities and the media, have been the subject of feature stories in numerous journals, including the *Philadelphia Inquirer*, *Jerusalem Report*, *Near East Report*, and *Hadassah Magazine*. Mr. Klein traveled to Germany and persuaded the publishers of *Baedeker's*, the world's leading travel guide, to correct the many anti-Israel errors in its guides to Jerusalem and Israel. His efforts also helped led to a dramatic reduction in anti-Israel activity on the campus of Villanova University.

In recognition of his efforts, Mr. Klein has received numerous awards, including Hadassah's Myrtle Wreath Award and the Ze'ev Jabotinsky Memorial Award of the Jerusalem Reclamation Project. His scientific research on nutrition and heart disease was cited by *Discover Magazine* as one of the Top 50 Scientific Studies of 1992.

More than 250 of Mr. Klein's articles and letters have been published in periodicals around the world, including the *New York Times*, *New Yorker*, *Commentary*, the *Washington Times*, the *Miami Herald*, the *Jerusalem Post*, the *International Journal of Preventive Medicine*, and the *Journal of Epidemiology*.

Mr. Klein has delivered more than 150 lectures at institutions including Harvard University, Princeton University, the University of Pennsylvania, Brandeis University, the National Academy of Sciences, the Institute of Medicine, the General Assembly of Jewish Federations meetings, B'nai B'rith Canada, the American Jewish Press Association and the Rabbinical Council of America.

Mr. Klein is a child of Holocaust survivors, and was born in a Displaced Persons Camp in Gunzberg, Germany. He is married to Rita, has one daughter (a junior at Barnard College), and lives in a suburb of Philadelphia.

V. Recommendations Regarding the Stationing of U.S. Troops on the Golan Heights

For the reasons enumerated above, the United States should declare that it is not prepared to station its forces on the Golan Heights.

The ZOA also urges that further Congressional hearings be held, in order to provide an opportunity for a fuller discussion of this important issue.

* American troops could become victims of terrorist attacks, including kidnappings, by Hezbollah, Islamic Jihad, and the numerous terrorist groups that are headquartered in southern Lebanon, which is directly adjacent to the Golan Heights. When U.S. Marines were sent to Lebanon in 1983, in connection with the Lebanon-Israel peace treaty, Hezbollah terrorists killed 271 of them.

* Stationing U.S. troops on the small Golan Heights is not comparable to the U.S. troops that are now stationed in the Sinai, between Egypt and Israel. The Golan is just 10 miles wide; the vast, sparsely-populated Sinai desert is over 100 miles wide. The Golan is very close to Arab terrorist bases; the Sinai is not. And on the Golan, U.S. troops would be in the line of fire from Syria's army--whereas the U.S. troops in the Sinai are hundreds of miles from Egypt's military centers.

* If in the future, Syria undertook hostile and provocative military actions in preparation for war against Israel, the Israelis might have no choice but to launch a pre-emptive strike (as happened in the 1967 war). If this happened, the U.S. troops would be in harm's way. Their presence could delay or deter Israel's ability to take necessary military action.

* **Syria has a long record of violating its international agreements**. For example, Syria has broken its pledge to remove its troops from Lebanon, which was included in the 1978 Riyadh-Cairo accords, the 1982 Fez Declaration, and the 1989 Ta'if Accord. In 1976, Syria entered into an agreement with Israel, known as the "Red Line Understanding," in which Syria would not send missiles, aircraft, or more than one brigade of soldiers in to Lebanon. Syria soon broke the agreement. Itamar Rabinovich (before he became Israel's ambassador to the U.S.) wrote that Syria's behavior in Lebanon was an "unequivocal violation" of the Red Line Understanding, and posed "a serious threat" to Israeli security interests. (*The War for Lebanon,* p.117) Syria's record demonstrates that it cannot be relied upon to honor any new agreement with Israel and the United States.

Eleven senior U.S. military experts recently conducted a study of this issue for the Center for Security Policy, in Washington, D.C. They concluded that "there is no mission or rationale for a U.S. peacekeeping force on the Golan that would justify the resulting costs and risks." The authors of the study included ret. U.S. Army General John Foss, who was responsible for U.S. forces in the Sinai; three former members of the U.S. Joint Chiefs of Staff (Gen. Al Gray, USMC, Ret., Adm. Carl Trost, USN, Ret., and Adm. Elmo Zumwalt, USN, Ret.); and five former Defense and State Department officials.

A recent study by Dr. Dore Gold of Tel Aviv University's Jaffee Center for Strategic Studies found that "the presence of a large American force on the Golan Heights would be disadvantageous for Israel's security."

A poll taken in November 1994 by the prestigious journal *Middle East Quarterly*, edited by Dr. Daniel Pipes, found that 64.3% Americans oppose the stationing of American troops on the Golan Heights (only 17% favor it).

March 1973; Michael Nadler, a student, murdered by axe-wielding PLO terrorists (DFLP) on the Golan Heights in November 1975; the American ambassador to Lebanon, Frances E. Meloy, and his economic counselor, Robert O. Waring, murdered by PLO terrorists (PFLP) in Lebanon in 1976; Gail Rubin, niece of U.S. Senator Abraham Ribicoff, murdered by PLO terrorists in the Tel Aviv Highway massacre of March 1978; Serena Sussman, murdered in the PLO bombing of a Jerusalem bus in December 1983; wheelchair-bound tourist Leon Klinghoffer, shot to death by PLO terrorists (Palestine Liberation Front) aboard the S.S. *Achille Lauro* in October 1985; and American tourist Gail Klein, murdered in a PLO grenade attack at the Western Wall in Jerusalem, in October 1986.

More recently, on April 9, 1995, American college student Alisa Flatow was murdered by terrorists in PLO-controlled Gaza. When the Federal Bureau of Investigation said that it wanted to send agents to investigate, PLO spokesman Rashid Abu-Shibak announced that the PLO would not let the FBI do so. On August 20, terrorists blew up a Jerusalem bus, murdering five passengers, including Connecticut school teacher Joan Devanny. Two of the masterminds of the bombing fled to PLO-controlled Jericho. The PLO has refused to extradite them to Israel.

III. Recommendations Regarding U.S. Aid to the PLO

More than two years have passed since the signing of the peace accords, yet the PLO is still violating virtually every aspect of the accords; the PLO has had ample time to demonstrate that it sincerely wants to fulfill its commitments, yet it has not done so.

At a time when the Clinton administration is pushing for the enactment of strong anti-terror legislation, the United States should not be giving financial aid to Arafat, who encourages terrorism with his "jihad, via deaths" speeches and praises terrorists as "heroes."

The ZOA recommends that Congress suspend all U.S. aid to the PLO and to the PLO's Palestinan Authority immediately. Aid should be resumed only after Congress has determined that the PLO has fully complied, for a period of not less than six months, with all of the commitments it made in the Israel-PLO peace accords.

The ZOA also urges that further Congressional hearings be held, in order to provide an opportunity for a fuller discussion of this important issue.

IV. U.S. Troops on the Golan Heights

Should American troops be stationed on the Golan Heights, as part of a future peace treaty between Syria and Israel? Such a deployment would involve a number of dangers.

British government investigation. Last year, Norway's attorney general and a United Nations oversight committee began investigating the disappearance of a $100,000 Norwegian grant for a PLO agricultural project. In December 1994, the nonpartisan Israeli organization Peace Watch, which monitors Israeli and PLO compliance with the peace accords, recently reported that $16-million in international contributions that were supposed to go for humanitarian projects in Gaza and Jericho was diverted to PLO military and propaganda activities in Lebanon.

No wonder that, as Senator Richard Shelby (R-AL), co-chair of the Peace Accord Monitoring Group in the U.S. Senate, recently pointed out, increasing numbers of American citizens look at the PLO's rule in Gaza --which has been characterized by totalitarianism, corruption, human rights abuses, terrorism and internecine violence-- and "wonder why we should be pouring money into a sinkhole of deepening chaos and disorder."

At the request of Congressman Gilman, the Government Accounting Office (GAO) conducted an investigation to determine the extent of the PLO's financial assets. The report was completed earlier this year, but has been stamped "classified" by the Clinton administration and therefore has not been released to the public.

A 1993 study by Great Britain's National Criminal Intelligence Service concluded that the PLO has worldwide assets of $7-$10 billion and an annual income of $1.5 - $2 billion. Even that estimate may be "a bit low," according to Dr. Rachel Ehrenfeld, the criminologist and author of *Narcoterrorism* (which documents the link between Arab terrorist groups and the illegal narcotics industry). If the GAO report determined that the PLO does indeed have substantial sums of money at its disposal, American citizens will justifiably wonder why they should contribute additional hundreds of millions of dollars to Arafat.

Pressure must be put on Arafat and the PLO *now* to act in a peaceful and civilized way, before they are given additional territory, because once they have that territory they will have even less incentive to abide by the accords. As Senators Lieberman and Mack have stated (in a December 9, 1994 letter to Secretary of State Warren Christopher), "So long as the PLO and Mr. Arafat are not held to the commitments they have made, there will be no peace."

AMERICAN VICTIMS OF ARAB TERRORISM

Over the years, Arab terrorists have murdered numerous Americans, including tourist Leo Holtz, murdered by PLO terrorists (Fatah and PFLP) near Hebron; Barbara Ertle, murdered by PLO terrorists (PFLP) in an attack on a busload of Christian pilgrims near Hebron in February 1970; David Berger, an Israeli-American, murdered in the PLO's massacre of Israeli athletes at the 1972 Munich Olympics; the U.S. ambassador to Sudan, Cleo A. Noel, Jr., and a second U.S. diplomat, G. Curtis Moore, murdered by PLO terrorists in Khartoum in

policemen." Arab dock workers --not unemployed beggars-- "armed with long boat-hooks ran through the streets impaling Jews on their weapons," while "respectable-looking Arabs with well-ironed fezzes, polished shows, well-creased pants and starched collars, rushed into [Jewish] stores and helped themselves to all kinds of merchandise." Was other Arab violence, such as the 1929 massacre or the thousands of attacks between 1936-1939, also because of poverty? Were the Arab wars against Israel (1948, 1956, 1967, 1973) fought for economic reasons?

If the poverty in Gaza is the root of violence, one might ask, why was there no violent mass uprising in Gaza during the years 1949-1967, when Egypt occupied the area? The Arabs in Gaza were impoverished during the period of Israeli administration, 1967-1994, yet the *intifada* violence did not begin until 1987, after twenty years of Israeli rule. There was no sudden increase in poverty that led to the *intifada*. Indeed, the United Nations Environmental Programme has cited Israel for bringing about numerous social improvements in Gaza and the other territories during the years of its administration, including a drastically lower infant mortality rate, increased longevity, an improved water supply, electricity and dramatic increase in a number of material possessions (such as appliances and other goods).

Ironically, one of the key ingredients in the *intifada* was the emergence of a generation of radical young Arab nationalists, many of them university-educated (Israel built six universities, and sixteen other institutions of higher education, in the territories) and relatively well-to-do, who organized mass violence for ideological, not economic, reasons. Furthermore, as Prof. Perlmutter points out, the leadership of the Hamas fundamentalist movement today "is made up of modern middle- and upper-middle class professionals, of journalists, lawyers, engineers and doctors." Indeed, news accounts of the 400 Hamas leaders who were temporarily deported to Lebanon in 1992-1993, described the deportees as well-educated professionals. And the Hamas suicide bomber who recently killed three Israelis in the Gaza Strip was reported to have come from an affluent, well-educated family. Building factories or hospitals will not put an end to hatred of Israel. Devoted to ideologies of extreme Arab nationalism (the PLO factions) or extremist Islam (Hamas), they reject the concept of a sovereign non-Muslim state in the Muslim Middle East.

Money is not the solution to the Arab-Israeli conflict, because lack of money was never the problem. To paraphrase the Democratic Party strategist James Carville, *it's not the economy, stupid.*

PLO'S MISUSE OF INTERNATIONAL DONATIONS

There is good reason to be concerned about how the PLO will use the foreign donations that it receives. Britain's Overseas Development Agency sent $5-million to pay the salaries of 9,000 PLO policemen in 1994, with specific instructions that none of the money be given to Arafat's plain-clothes "preventive security forces"--yet more than $500,000 was given to those forces, prompting a

Samahadana, who is wanted by Israel for his role in the killing and wounding of 15 Israelis.

THE STATE DEPARTMENT: WHITEWASHING THE PLO

Under existing legislation, the President must certify PLO compliance before aid can be sent. He bases his decision on reports prepared every six months by the State Department. These reports have distorted, ignored or minimized many PLO violations, and have been strongly criticized by leading Jewish organizations, including the ZOA and AIPAC, the American Israel Public Affairs Committee. The most recent report, dated June 1, 1995, was described by U.S. Congressman Ben Gilman (R-NY), chair of the House International Relations Committee, as a "whitewash." Israel's respected English-language daily newspaper, the *Jerusalem Post*, also called it a "whitewash."

WILL U.S. MONEY BRING PEACE?

Proponents of U.S. aid to the PLO maintain that when the Palestinian Arabs in the self-rule areas begin to "enjoy the fruits of peace," they will support peaceful coexistence with Israel. Is this argument valid? Is poverty the real threat to Middle East peace? Professor Amos Perlmutter, of American University, doesn't think so. Perlmutter, a professor of political science and sociology and editor of the prestigious *Journal of Strategic Studies*, recently wrote that "The real source of conflict in the Gaza is not poverty or the horrible economy...The real problem and issue is the rise of Hamas, which is a radical, nationalist and decidedly rejectionist movement...dedicated to the destruction of the peace and the eventual formation of Complete Palestine [in place of Israel]."

A recent editorial in the *Jerusalem Post* likewise pointed out that "there is no reason to believe that money would...persuade Palestinians to coexist with Israel...not all problems can be solved with money...Americans are particularly aware of the limitations of financial aid in resolving social and political problems. Throwing staggering amounts of government and private funds at inner-city slums, the drug problem and affirmative action for minorities had done little to ameliorate intractable problems. It is even less likely that the Arab-Israeli conflict can be reduced to materialist terms. The intolerance in the Arab world for Israel's existence does not stem from economic hardship. It is mostly religiously and nationalistically inspired."

The historical record certainly seems to support the view that Arab extremist ideology, rather than poverty, is at the core of the Arab-Jewish conflict. During the 1920s and 1930s, for example, Jewish immigration to Palestine brought the country a variety of economic improvements, including new jobs for many Arabs--yet there were repeated Arab pogroms against the Jews. Nor were the pogromists necessarily the most impoverished of the Arabs. Accounts of the 1921 Arab pogrom in Jaffa, for example, described the violence as having been initiated by "a howling horde led by uniformed [Arab]

But Arafat has not done so. Instead, he has made numerous speeches inciting violence against Israel. For example, in May 1994, Arafat urged a Muslim audience in South Africa to take part in a "jihad" [Islamic holy war] against Israel. Arafat has repeatedly publicly praised the violent Palestinian Arab *intifada* and said that it must "continue, continue, continue." He has described the imprisoned leader of the Hamas terrorists, Sheikh Ahmed Yassin, as "brother Yassin" and called for his release from jail. On November 15, 1994, in a speech in Gaza, Arafat referred to Israel as "the Zionist enemy" and described the peace accords as the first phase in the PLO's traditional "Strategy of Phases" for destroying Israel step by step. On November 21, 1994, Arafat vowed to a Gaza audience that "this Palestinian people will continue their struggle and *jihad*." He told a Gaza audience on January 3, 1995 that "we have the weapon of faith, the weapon of martyrdom, the weapon of *jihad*." More recently, Arafat declared in a speech in Gaza on June 19, 1995: "The commitment still stands, and the oath is still valid: that we will continue this long jihad, this difficult jihad, this arduous jihad, via deaths, via battles." The June 19 videotape also shows that Arafat heaped praise on Abir Wahaydi and Dalal Magribi, two female Arab terrorists, calling them "heroes" and "stars." Of Magribi, a leader of the 1978 Tel Aviv Highway massacre of 37 Israeli bus passengers, Arafat said: "She commanded the group that established the first Palestinian republic in [that] bus. This is a Palestinian woman...the woman we are proud of."

Failing to Extradite Terrorists. According to the peace accords, the PLO must honor requests by Israel for the extradition of terrorists who have taken refuge in the Gaza and Jericho self-rule areas. Yet the PLO has ignored Israel's requests for the extradition of fifteen Arab terrorists.

Refusing to Postpone Sovereignty Issues. According to the accords, issues concerning sovereignty over the administered territories are to be postponed until the 1996 "final status" negotiations between Israel and the PLO. Yet the PLO continues to use stationery with the phrase "State of Palestine" and refers to Arafat as "President of Palestine." The map on the PLO stationery labels all of Israel as "Palestine." At the United Nations, Farouk Kaddoumi is routinely introduced as "Foreign Minister of the State of Palestine."

Failing to Respect Human Rights. According to the accords, the PLO's Palestinian Authority in Gaza and Jericho must "adhere to internationally-accepted norms and principles of human rights and the rule of law." Yet Human Rights Watch, Amnesty International and the Israeli human rights group B'Tselem have documented numerous cases of PLO policemen torturing Arab prisoners. The PLO has also repeatedly shut down Arab newspapers that have failed to toe the Arafat line.

Hiring Former Terrorists As PLO Policemen. According to the accords, the PLO police force is not to include terrorists. But a number of fugitive terrorists have been hired as PLO policemen, including Yasser Abu

attacks, the Popular Front for the Liberation of Palestine (PFLP) and the Democratic Front for the Liberation of Palestine (DFLP).

Failing to "Discipline" Terrorists. The peace accords require Arafat to "discipline" --that is, punish-- any PLO members who violate the pledge to halt terrorism. This is intended to deter terrorism both by making terrorists pay a price for their deeds and sending a message to the broader Palestinian Arab community about the unacceptability of violence. There are a variety of punitive measures Arafat could take. For example, if individual members of Arafat's Fatah faction of the PLO commit terrorism on their own, they could be expelled from Fatah. As for PLO factions that openly reject the peace accords and continue to practice terrorism, such as the DFLP and the PFLP, they could be expelled from the PLO altogether. But Arafat has taken no "disciplinary" steps against any of them.

Ironically, the Clinton administration's 1994 anti-terrorism directive prohibiting Americans from contributing to terrorist groups included the DFLP and PFLP on its official list of terrorist groups. Yet the administration itself is still sending funds to the PLO, even though Arafat and the PLO refuse to expel these terrorist groups from its ranks.

Failing to Condemn Terrorism. Of the more than 300 Arab terrorist attacks (including more than 200 murders) that took place during the first two years following the White House signing, Arafat has explicitly condemned only three.

Failing to Change the PLO National Covenant, Which Calls for Israel's Destruction. The accords oblige Arafat to "submit the [PLO Covenant] to the Palestinian National Council [PNC] for...the necessary changes" so that the articles of the Covenant no longer "deny Israel's right to exist" or urge violence against Israel. This means substantially altering, or entirely deleting, 30 of the 33 articles of the Covenant. Yet Arafat has taken no steps in this direction. Indeed, Radio Monte Carlo has reported that on August 10, 1994, Arafat sent a message to PLO delegations in Arab countries, assuring them that "I will never give my hand to the annulment of one paragraph of the Palestinian National Covenant." On August 20, 1994 the Central Committee of Arafat's Fatah wing declared the Covenant will not be changed before Israel recognizes the establishment of a Palestinian state with Jerusalem as its capital.

Continuing to Encourage Terrorism and Praising Terrorists. According to the peace agreement, Arafat must make speeches urging Arab audiences to "reject terrorism and violence." Israel's leaders insisted that the peace accords include this requirement because such speeches by Arafat would demonstrate that he and the PLO have sincerely transformed themselves from being a terrorist--and because such speeches could influence grassroots Palestinian Arabs to change, too. They could begin to change the atmosphere and create a new moral tone among the Palestinian Arabs; they would send a loud and clear message to the Arab world that terrorism is immoral and must cease.

II. Why the $500-Million in U.S. Aid to the PLO Should Be Suspended

Because of our special interest in the prospects for peace between Israel and its Arab neighbors, we have assumed the task of monitoring the PLO's compliance with the Israel-PLO peace accords. We are the only American organization that does so. Our researchers carefully track the PLO's actions and statements, and provide Congressional leaders with weekly reports on the PLO's violations of the accords. We hope that this information will help Congress in formulating American policy towards the PLO, including the question of U.S. aid to the PLO.

In late 1993, President Clinton pledged to give the PLO $500-million to help set up its self-rule regime in Gaza and Jericho. Expecting the PLO to sincerely transform itself from the terrorist organization that it always was, the U.S. Congress temporarily waived existing legislative restrictions on American aid to the PLO. (The restrictions had originally been imposed due to previous PLO terrorism against Israelis, Americans, and others). But the PLO's behavior since the White House signing has convinced many Members of Congress that the PLO has not really changed, after all.

PLO VIOLATIONS: A SUMMARY

Failing to Take Serious Steps Against Terrorism. The peace accords require the PLO to take "all measures necessary" to prevent terrorism against Israel. It has not done so.

* Terrorists Have Not Been Disarmed. The PLO announced a May 11 deadline for the handing in of weapons. Virtually none were handed in, but the PLO has not confiscated them. The *New York Times* reported on May 20 that "the deadline came and went without any visible response by the Palestinian security forces. There have been no sweeps of neighborhoods to fund unlicensed weapons or to disarm Muslim militants, and Palestinians who missed the deadline for licensing their guns have not been punished."

* Terrorist Training Camps Have Not Been Shut Down. Hamas members captured by Israel in early June revealed that their training facilities in Gaza are still functioning.

* Terrorist Organizations Have Not Been Outlawed. No legal action has been taken by the PLO to outlaw Hamas, Islamic Jihad, or similar groups.

* The PLO Has Friendly Relations with the Terrorists. The PLO has initiated negotiations to implement a "reconciliation" with Hamas. In Hebron, Arafat's Fatah faction of the PLO teamed up with Hamas to run a joint list in recent local elections. Talks are also underway to bring about a reconciliation between Fatah and two PLO factions that have engaged in numerous terrorist

Testimony Before the House International Relations Committee

- September 20, 1995 -

by Morton A. Klein,
National President of the Zionist Organization of America,
Regarding the ZOA's Opposition to $500-million in U.S. Aid to the PLO, the ZOA's Opposition to the Stationing of U.S. Troops on the Golan Heights, and the ZOA's Other Concerns About the Middle East Peace Process

Note: Morton A. Klein is the National President of the Zionist Organization of America. More than 250 of his articles and letters about Israel and the Middle East have been published in the New York Times, Commentary *and other prominent publications around the world. He has lectured about Israel at Harvard , Princeton, the University of Pennsylvania and elsewhere. He is an economist, and served in the Nixon, Ford and Carter Administrations. He has received numerous honors in recognition of his work on behalf of America-Israel friendship.*

I. Introduction

The Zionist Organization of America is the oldest, and one of the largest, pro-Israel organizations in the United States. Founded in 1897 to support the re-establishment of a Jewish State in the ancient Land of Israel, its presidents have included such illustrious Jewish leaders as Supreme Court Justice Louis D. Brandeis, Rabbi Stephen Wise and Rabbi Abba Hillel Silver. The ZOA was instrumental in mobilizing the support of the U.S. government, Congress, and the American public for the creation of Israel in 1948. With a national membership of over 50,000 and active chapters throughout the U.S., the ZOA today works to strengthen American-Israeli relations, through educational activities, public affairs programs, support for legislation on Capitol Hill to strengthen America-Israel relations, and by combating anti-Israel bias in the media, textbooks, travel guides, and on campuses. The ZOA also sponsors important educational and cultural programs in Israel. ZOA House is the premier cultural center in Tel Aviv; the ZOA's Kfar Silver school, on a 500-acre campus near Ashkelon, provides education and vocational training for more than 1,000 new Jewish immigrants and others; the ZOA's youth division, Masada, sends more than 800 young Jews to visit Israel each year.

STATEMENT OF

RICHARD A. HELLMAN,

PRESIDENT OF

THE CHRISTIANS' ISRAEL PUBLIC ACTION CAMPAIGN
(CIPAC)

BEFORE THE

HOUSE INTERNATIONAL RELATIONS COMMITTEE

SEPTEMBER 20, 1995

Thank you, Chairman Gilman, and members of this distinguished Committee, for the opportunity to present testimony to you. I am Richard A. Hellman, President of CIPAC, the Christians' Israel Public Action Campaign, which was founded over six years ago to organize and inform the Christian community in the U.S. on behalf of sound laws and policy for Israel.

Mr. Chairman and Committee Members: As I will detail for you today, the Middle East peace process is badly flawed. The recent manuevers of the negotiators have been marked by abject failure in turns of any real progress toward peace and security for Israelis, Palestinian Arabs or other participants. In fact the reports of the demise of the peace process may not be exaggerated. Thus I urge you and your colleagues in the leadership and membership of the House and the Senate to exercise much more oversight and exert much more leadership in the policy formulation and strategy that govern the United States negotiators involved in the peace process. I am sure that this is within your constitutional mandate and that it is imperative if we are to avoid major mistakes that will be costly in terms not only of U.S. foreign expenditures but also of U.S. troop losses and destabilization of the Middle East.

First, by way of background, I wish to note that we are the only Christian organization registered to lobby on important issues before Congress and the Administration affecting the U.S.-Israel relationship. We also are the only registered lobby that takes a biblical stance on behalf of the whole Land of Israel and the rights of the Jewish People to live in peace and safety wherever they wish, including Judea, Samaria, the Golan Heights, Gaza, and all of Jerusalem. As such CIPAC represents the views of some 70 million Bible-believing Christians and many biblically oriented Jews as well. We work from the perspective that U.S. support for and close relations with Israel are not just a "Jewish issue", but one that concerns Christians and indeed all Americans as well.

CIPAC is a national membership organization of American citizens who believe that a strong U.S.-Israel relationship is in America's best interest. We believe that America as a nation is blessed when we bless Israel and her People, in accordance with Genesis 12:3. Beyond this expression of our faith, we also are convinced that there exist many other compelling reasons for maintaining a strong bond between our country and the nation of Israel. Israel is a strategic and faithful ally in an unstable and dangerous region. The people of Israel share in common with us the moral and ethical values of the Judeo-Christian tradition, as evidenced by its democratic institutions and its pursuit of justice and the rule of law. Israel is a valuable partner in such areas as trade and commerce, research and development, intelligence and security, and many other areas. And Israel shares with this nation, perhaps more than any other nation on earth, the dream and destiny of being a refuge and haven for persecuted peoples around the globe.

On a personal note I was privileged to live and work in Israel, with my wife and children for almost seven years and have been an active student of Middle East affairs and frequent traveler to that region for a total of over nineteen years.

To give credit where credit is due, we applaud the peace treaty between Israel and Jordan. This builds upon the modus vivendi that developed between the countries over many years, and is buttressed by the geographical and military realities on the ground. Here where nations of good will seek peace in an open, honest, fashion, the peoples of both may profit greatly in every way. In fact this peace appears warmer and more productive already than that which we all have supported between Israel and Egypt. I

well recall Israeli Prime Minister Menachem Begin quoting from the Scriptures "Blessed are the peacemakers" when the Camp David accords were signed. As residents of Jerusalem at that time, my family and I thrilled to the fact that we were witnesses to the fulfillment of our dreams and aspirations as we were among those who were privileged to "pray for the peace of Jerusalem" on site!

Today, however, while the Christian and Jewish members of CIPAC nationwide and those of us in Washington continue to pray for peace, we are appalled by the almost 200 deaths, the injuries and the destruction caused by the torrent of terrorism unleashed upon Israel since the signing of the Oslo accords on the White House lawn a little more than two years ago and the equally abhorent Arab-on-Arab violence and abuse of rights which are endemic in the areas abandoned by Israel to Chairman Arafat's secret police and military forces.

Our members and friends of CIPAC across America denounce the failure of Arafat to comply with his agreement, witnessed on the White House lawn by our President and some 3,000 others, to initiate changes to the palestinian national covenant to delete the provisions calling for Israel's destruction. If this were not bad enough, we also witness mild, pro forma, public remonstrances against terror in stark contrast to his inability and unwillingness to combat it effectively and, most obscene of all, his repeated comments to Arab and Islamic audiences which actually incite terror and applaud and affirm the " heros and martyrs" who perpetrate the indiscriminate, wanton, death, injury and destruction of Israelis, Arabs and even Americans by bus bombings and other heinous acts.

All this in the name of Jihad, or Holy War, an oxymoron if there ever was one, and an abomination to any true believer in a just and loving God, regardless of religion!

How can any U.S. public figure greet and applaud such a vile character as Arafat, much less vouch for his good will or even consider giving him any more U.S. tax dollars in foreign aid.?

And regarding foreign aid, I wish to applaud you, Mr. Chairman, for requesting the GAO Study of the finances of the PLO and Arafat as recommended by CIPAC a year and a half ago , together with a second, more recent, GAO enquiry regarding the infamous PLO letters which expose Arafat and the PLO's persistent, ingrained, pattern of political payoffs, diversion, fraud, waste and

abuse of foreign aid to obtain and maintain exclusive power, all masked by a PR Circus and official and media complicity in cover-up.

Some public figures are straining credulity and violating common sense by trying to give these Arafat and his associates another chance at the U.S. foreign aid trough! I ask any such dupes or unwitting accomplices to PLO malfeasance simply: How can you even consider it?

If the current drive by the Administration and even some in Congress to paper over the failed peace process with more U.S. foreign aid to Arafat were not enough, we also are treated to the spectacle of a basically decent but misguided Secretary of State preparing to shame our country once again by running after Hafez Al Assad, the brutal dictator who had the temerity and gall to insult his boss (and our President) publicly in Damascus just last December, to lure him back into probably fruitless, and possibly dangerous, talks with Israel - dangerous to Israel's legitimate rights and indeed its national security. And dangerous to the U.S. treasury in terms of the "price for peace", i.e. the conventional bribes to Arab dictators and their friends to accept peace (as if peace were not valuable to their long-suffering people in its own right). Yes! Massive U.S.foreign aid for Assad, not because Syria needs it but to make sure Assad gets as rich and prestigious an agreement as Egypt did for making peace. And more aid for Israel to compensate for the loss of the presently working security arrangements on the Golan and Mount Hermon. But this is not the worst of it. In Administration plans at the Pentagon, State Department, and other offices are detailed scenarios for dangerous U.S. commitments to place U.S. troops in harm's way as peacemakers or peacemakers on the Golan Heights.

All this to appease an Arab dictator and help him obtain territory which he lost in an aggressive war, failed to hold after a later sneak attack, and to which he never had a legitimate legal or historic right to begin with.

Hardly ever outdone in their appeasement of Arab dictators, except perhaps by their European colleagues, some State Department Middle East experts in the peace negotiations also are reliably reported (without official denial) to be planning to leave Assad of Syria in continued brutal occupation of once-peaceful and democratic Lebanon, and to give Syria a quick and easy exit from its prominent

place on State's lists of nations that sponsor terrorism, violate human rights, traffic in the international narcotics trade, counterfeit our U.S. currency massively and more. Even by historic standards, this will give cynical, realpolitik, diplomacy a bad name if the Congress lets this charade of misguided statecraft continue without raising a loud and principled cry of outrage. Maybe President Clinton needs a foreign policy feather in his cap, but this one will give a major headache not only to the nations and peoples immediately involved but also to the U.S. and the world by destabilizing Israel and whetting Assad's appetite for the next moves toward his goal of a greater Syria embracing most of his neighbors. Anyone who thinks Assad just wants the Golan and that this wolf then will become a peaceful lamb, probably would have believed that Hitler would be satisfied with the Sudetenland. Even if we need to talk to unsavory characters to make peace, I assure you from experience in the Middle East that no smart buyer runs after a merchant to shower him with coccessions. Nor should we run after Assad, who lost his Soviet patrons some years ago and only remains a serious danger to peace because the State Department chooses to whitewash his record when in fact his past aggression and current military purchases of sophisticated conventional and non-conventional weaponry and dual-use technology fully justify no less than the containment and embargoes which we impose upon such other outlaw states as Iran, Iraq, and Libya.

Let us make no mistake. Shortsighted, expedient, policies and actions based on misjudgments of the real intentions of authoritarian rulers usually have severe, if not catastrophic, adverse consequences for world peace, whether it be from a Saddam Hussein or a Hafez Al Assad.

If the willful U.S. decision to overlook the record and candidly declared intentions of Arafat, not once, but repeatedly over a span of decades, has cost the lives of hundreds (conservatively calculated) and now hundreds of millions of dollars in squandered U.S, foreign aid - think for a moment of the likely consequences for the Middle East and the world if we foolishly appease Assad in the ways I have outlined. He (or his successors) likely will decide to use their vast military might, and new strategic advantage on the Golan and in Lebanon, to assault Israel, Jordan, or both with massive pre-emptive strikes using missiles with non-conventional warheads. While trusting Arafat has cost hundreds of lives, appeasing Assad could cost thousands, or tens or hundreds of thousands, of Israeli, Arab and even American lives.

For these reasons I applaud the Senate staffers and their Chairman who authorized them to tell a top Syrian official that Congress is not going to endorse, and authorize payment for, a Camp David-type deal in which Assad would get aid and trade and a whitewash of his past record while holding on to Lebanon. Even if this was, as reported, the real reason why the Syrians reneged on their promise to restart negotiations last month - or even should it produce the final demise of this present peace process, I still would commend such a reality check as the negotiating model that you should urge upon our friends in Foggy Bottom , for the good of all involved and for the cause of real peace in the Middle East.

Lest any confusion be created by these strong statements, let me assure you that we fervently hope and pray for, and support, every legitimate initiative for real peace. But the words of the Prophet Jeremiah haunt us with their relevance to the current Middle East and particularly those arenas I have described ; " They have healed also the hurt of my people slightly, saying, Peace, peace; when there is no peace." (Jer. 6:14). In the New Testament the warning is framed: " For when they shall say, Peace and safety; then sudden destruction comes upon them, as travail upon a woman with child; and they shall not escape." (1 Thess. 5:3).

I have been asked why I believe the peace process may be all but dead for now , and what implications there are for America in this scenario. Frankly I am convinced that the exaggerated expectations of Arafat and Assad cannot be met by the negotiators currently facing them across the table, in no small measure because the Congress is disinclined to reward the meager efforts of these two with the foreign aid, concessions, and other perquisites alluded to above. Is this a tragedy? Only for the bruised egos of various senior negotiators with heavy investments in the quest for the holy grail of a comprehensive Middle East peace. But they will, I trust, get over it, or better yet, return with tougher-minded, more realistic and productive objectives for the peace and security of their nations, including the U.S.

For the sake of the far more important objectives of the peace and security and wellbeing of Israel And her neighbors and their longsuffering populations, and for the U.S. interest in Mid-East peace, I frankly will shed no tears for this peace process. While some

lowhanging fruit was picked from the peace process tree early on in the case of the Jordan-Israel pact, the multilateral talks on a range of issues, and the general loosening of bars to regional trade, the remaining issues have been marked either by thin interim agreements that avoid or defer the real issues in the case of Israel and the Palestinian Arabs, or by potentially destabilizing gambles in the case of Israel and Syria, not to mention the shameful silence and doubletalk masking the sell-out of Lebanon. The slight downside risk of a possible unraveling of such good results as the Israel-Jordan peace resulting from Syrian displeasure and troublemaking - a corollary of the axiom that the Arab world "cannot make peace without Syria" - is mitigated, if not eliminated, by the new world realities that most nations, including Syria, have witnessed America's readiness to defend Kuwait, Jordan, etc., and more positively, are interested in a good partnership with the U.S.

Does this mean we stop working for Mid-East peace, and if not, what is the most viable alternative to the current process? No, we cannot stop planning and working for Mid-East peace, but a breather is needed. Instead of redoubling our efforts after apparently disregarding the lack of coherence of our various efforts and the absence of results, it probably is time to draw back and reconsider the issues, hopefully with the help of a new joint Congressional-Executive Branch Commission to determine how U.S. national interests can best be served. Perhaps such radical ideas as "peace through strength" and "peace for peace" could be considered as the bases for any revived telks.

Of course, none of my comments are intended to be critical of Israel or to offer gratuitous advice to that nation and its democratically elected government. We appreciate the fact that Israel shares our love of democracy and respects the rights of its people to work for peace and security through its elected officials. But America has a large and potentially growing investment in Israel and the Middle East which must be reviewed continually in light of changing circumstances and perceived national interests, not to mention such special interests as that of American Christians and Jews to visit holy sites and worship freely despite changes in political administration, e.g. in Judea, Samaria, Gaza, and potentially the Golan and even Jerusalem. While CIPAC does not wish to raise problems where they are not widespread or to exaggerate those that may arise, already security problems have in fact created a real or perceived reluctance of tour guides in the Holy Land to take tourists

and pilgrims to sites and areas which once posed no problem whatsoever.

By way of reminder, CIPAC has been uniquely effective as a pro-Israel lobby in leading or initiating action for the GAO study of the PLO finances, a prudent maintenance of the barriers to foreign aid for the PLO with carefully controlled temporary waivers, the release of the Pentagon's Rand Corporation study of potentially dangerous deployments of U.S. troops on the Golan as effected by the Nickles Amendment to the Defense Appropriations Act for this year, an immediate relocation of the U.S. Embassy to Jerusalem (by legislative action as required) and the freeing of Lebanon in any U.S. approved peace agreement involving Syria, among other issues. Nor have we forgotten the more particular campaigns to free the Israeli POW'S/MIA'S as a first priority and to effect the release of the last prisoner of the Cold War, Jonathan Pollard, to go home to Israel and fulfill his obligation as an Orthodox Jew, as he explained was his heart's desire when we met.

If I may, Mr, Chairman, I would like to wrap up my last recommendations to you and the Committee Members briefly, with liberty to submit supporting materials, tapes , etc, for the record. Thus with your leave, I recommend that you and your colleagues:

*Reject any extension of authority for President Clinton to grant further waivers to the prohibition on foreign aid to the PLO or its associated entities. As explained above and by many other witnesses today, Yasser Arafat and the PLO have violated every material term of their agreements with the U.S. and Israel, refuse to spend their own ill-gotten billions of dollars as documented by the GAO study you commissioned, did not even cooperate with the GAO, have a record of diversion, waste, fraud, abuse, mismanagement, and inadequate accounting regarding foreign aid they recxeive directly, continue to promote and encourage terror, rather than controlling it as promised. I wish to emphasize that we have no objection to extension of such other waiver provisions of MEPFA as, for example, that permitting negotiations with the PLO, for example., under appropriate terms and conditions as suggested .in the bills of Representative Forbes and Senator D'Amato. And any aid the Palestinian People need for humanitarian or development purposes can continue to be allocated on a project basis through such reliable third parties as the World Bank and other MDB's or CARE, ANERA, World Vision or other PVO's, with customary safeguards. Thus no

innocent persons need suffer for Arafat's inability or unwillingness to govern adequately as other aid recip[ients do;

*Demand immediate agreement from the CIA or other agencies to release the basic findings of the GAO study, i.e, what are the general ranges of PLO assets and annual income, with an estimation of the general extent to which Arafat and the PLO spend their own money on their own people, but without any identification or compromise of sources. Now, can someone tell me what possible U.S. national security interest could provide a legitimate reason for not releasing such elementary data, when even the British National Criminal Intelligence service has published such data openly in unclassified form? Otherwise this looks, sounds and smells like a coverup to conceal the State Department's dealings with and rosy evaluations of the PLO and its leaders.;

*Question the GAO closely in detail regarding the extent of cooperation in the GAO studies of the PLO by the Executive Branch, British NCIS, the PLO itself, and other foreign sources, and any actual or suspected U.S. interference with any of the foregoing sources' or other enquiries as has been rumored.

*Refuse to act on extension of MEPFA until the above steps are completed and British, German and other foreign sources called to testify to get to the bottom of the questions concerning PLO finances;

*Call for complete hearings on all suggested scenarios for deployment of U.S. troops on the Golan as part of any Israel-Syria peace agreement, in recognition of the fact that this question is no longer "premature" and the public and Congress need to know beforehand for a change; and finally

*Send a clear signal, by way of law or resolution that the Congress intends that Lebanon be freed of Syrian occupation in any ageement that the U.S. endorses, supports, or helps to fund; and of course, hold hearings soon on all pending bills to direct the relocation of the U.S. Embassy to Jerusalem. In fact we believe this can be done much more quickly, in time for the 3,000th Anniversary of the Jewish presence in Jerusalem next year, since construction of a new building really is not critical to where our Ambassador works or conducts business with the government of Israel. This matter has been delayed too long already.

As a final note I wish to state for the record that none of our positions, many of which are unique and contrary to the conventional wisdom of the peace process, have any connection to, or origin in, any political party or faction in the U.S. or Israel, but in fact have

their source in the Bible, in cherished U.S. principles and values, in that rare commodity, common sense, or some combination thereof.

Finally, Mr. Chairman, it is my great pleasure to wish you, your colleagues, the Jewish People, and especially Israel and her People a happy, prosperous and peaceful "Shana Tova", a most Happy New Year 5756; may it bring real peace to Israel and her neighbors, not a false peace and renewed clouds of impending war.

Thank you for the opportunity to testify today. I will be pleased to answer any questions you may have.

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Testimony of
Herbert Zweibon, Chairman
Americans for A Safe Israel

International Relations Committee
Hearings on the Middle East Peace Process
September 20, 1995

Americans for A Safe Israel (AFSI) thanks the members of the International Relations committee for permitting it to submit this written testimony. We appreciate the concern with which the committee has followed the Arab-Israeli agreements and its support for a strong U.S.-Israel relationship. Founded in 1971, Americans for A Safe Israel views the retention of Judea and Samaria, Gaza, and the Golan Heights as vital to Israel's survival and its continuance as a strategic asset to the West. To abandon territory won in wars forced on it would make it vulnerable once again to renewed subversion and attack, not only by hostile Arabs in Judea and Samaria but unstable Arab regimes.

It has fallen to Americans for A Safe Israel to declare what many should have said who came before you: "The emperor has no clothes."

This is a hollow peace.

Remarkably, to say this is taboo. Those that dare question the policies of the current Israeli government are demonized, dismissed as some kind of "lunatic fringe," "extremists," and "enemies of peace." Even American Jewish leaders who are aware that the misnamed peace process is leading to disaster will not oppose it outright, fearing that they will lose "credibility" by doing so. Using the word "peace" to describe the Arab-Israeli agreements has effectively stifled debate and even any rational discussion of the situation.

Imagine what would have happened had Churchill not dared to criticize the Munich agreements. He would not have been chosen to lead his people to safety. Indeed, by attacking Neville Chamberlain's policy, Churchill *gained* credibility.

It is appropriate to compare the Rabin-Arafat accords and the Munich agreement. In both cases, hope replaces rational thought. Confronted with the insatiable demands of an adversary, weak-willed leaders offer partial fulfillment of those demands in the hope of appeasing the opponent.

The mere fact that compliance has become such a key issue demonstrates how one-sided the agreements are. It takes two to fulfill a contract. If all the concessions come from the Israelis and nothing from the Arabs, what other result can there be but bloody conflict as Israel becomes progressively weaker? Even the PLO covenant calling for the

destruction of the State of Israel has remained in effect. It is ironic that while the PLO covenant is treated as holy, God's covenant with the Jewish people is disregarded.

Nothing better illustrates the chasm between Israel's leaders and the Arab world than the Arab interpretation of Shimon Peres's The New Middle East. Peres was the "architect" of the Oslo accords and in this book he outlines the vision that has led him to make the far-reaching concessions involved in those agreements. The book envisions Israel as part of a Middle Eastern Benelux, describing a future of harmony and cooperation on everything from water development to security arrangements. Peres's total incomprehension of his Arab neighbors was underlined when the book was published by the Egyptian government-owned Al Ahram press. The introduction explains the importance of the book for Arab readers: "When The Protocols of the Elders of Zion were discovered 200 years ago and published in several languages including Arabic, the international Zionist apparatus tried to deny the existence of the conspiracy, and claimed it was a fabrication. But now Shimon Peres produces irrefutable proof of their truthfulness. His book confirms in no uncertain terms that The Protocols are genuine. Peres's book is nothing but an additional step toward implementation of the dangerous plots." As Jerusalem Post editor David Bar-Illan pointed out, for the Arabs, Peres's journey on a pink cloud into utopia is proof of Israel's sinister plot to take economic control of the Arab world.

Peres's world, though an illusion, will have real and dire consequences for the Jewish people. This so-called peace process can only lead to a dismembered, disheartened and demoralized Israel, incapable of defending itself against the newly created terrorist state it has helped arm and the surrounding Arab states that are still bent on its destruction.

The Middle East has not changed. Nothing the Israeli government promised has materialized; everything the opponents of its policies warned would happen, has happened.

Yet the United States continues to encourage more Israeli concessions, acting as a facilitator in the "peace process." American involvement goes beyond financial pledges to the PLO. The Administration has been involved in formulating agreements, conducting "shuttle" diplomacy and keeping the negotiators at the table. It is intent on brokering an Israeli retreat on the Golan, this one likely to endanger American soldiers commandeered as "peacekeepers."

It is not in America's interest to weaken a loyal ally and contribute to the destabilization of the Middle East. The American government should not be party to a process that appeases terrorism. Nor should it support a process that separates the Jewish people from its patrimony. There is one honorable course for the United States -- to remove itself as a key player in negotiations that render Israel dependent on the "goodwill" of its Arab neighbors.

If one thing is crystal clear, it is that the current "peace process" will not bring peace to the Middle East.

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TESTIMONY BY GAIL PRESSBERG
DIRECTOR, CENTER FOR ISRAELI PEACE AND SECURITY,
AMERICANS FOR PEACE NOW
TO THE INTERNATIONAL RELATIONS COMMITTEE
OF THE HOUSE OF REPRESENTATIVES
SEPTEMBER 20, 1995

Two years ago, the Declaration of Principles signed at The White House by Israeli Prime Minister Yitzhak Rabin and PLO leader Yasser Arafat began a three-year period in which disengagement arrangements and peace are to be negotiated and implemented in transitional stages.

Given the protracted nature of the Arab-Israeli-Palestinian conflict, there have been difficulties in implementing this process, including unacceptable acts of terrorism.

To deal with this issue, the Clinton Administration has successfully used the Middle East Peace Facilitation Act to pressure PLO Chairman Yasser Arafat to improve the PLO's compliance records regarding agreements Arafat made with Israel. Compliance issues have been raised with the PLO on a regular basis by U.S. officials meeting directly with Arafat including Vice President Al Gore, Secretary of State Warren Christopher, Special Middle East Negotiator Dennis Ross, Assistant Secretary of State Robert Pelletreau and U.S. Consul General Edward Abington.

The compliance legislation and Clinton Administration efforts to get the PLO to comply, have yielded the following positive results:[1]

1. PLO elements loyal to PLO Chairman Yasser Arafat have fully adhered to Arafat's commitment that the PLO would forsake terrorism.

2. PLO Chairman Yasser Arafat has publicly condemned terrorist

[1]This list was obtained as a result of discussions with Israeli officials.

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attacks.

3. In several public statements Arafat has acknowledged his awareness of the importance of security to Israelis and has restated his commitment to the peace process in order to peacefully resolve the Palestinians conflict with Israel.

4. In April 1995, Hamas and Islamic Jihad members were not only arrested but were actually tried and convicted by Palestinian courts. The Palestinian Security Court has sentenced eighteen Palestinians who were convicted on charges related to terrorism. On August 28, 1995, the Palestinian police arrested a terrorist who was on his way to carry out a suicide attack at the Central Bus Station in Jerusalem.

5. In meetings in Taba, Egypt, Israel, the Palestinian Authority, Egypt and Jordan signed a declaration which supports "all efforts to end the boycott of Israel." PLO negotiator Nabil Shaath signed the declaration on behalf of the Palestinian Authority.

6. While the Palestinian Covenant has not been amended, Ha'aretz (often referred to as The New York Times of Israel) reported that Arafat pledged to make amending the covenant part of his electoral platform and that a newly elected Palestinian Council would revoke those parts of the covenant that contradict the Declaration of Principles signed by Israel and the PLO on September 13, 1993.

7. The Palestinian Authority has also undertaken joint security patrols with Israel. The intelligence service of the Palestinian Authority regularly cooperates with Israeli security forces in order to combat terror.

In order to prevent acts of terror the PLO must continue to demonstrate that it has developed the intelligence capability to deter terrorist groups. In addition, the Palestinian Authority's arrest, trial and sentencing of suspects is a recent phenomenon. It is important to monitor the Palestinian Authority's resolve in this matter. Therefore, an extension of the current legislation should be voted by Congress that requires Arafat to accomplish these goals.

Continued U.S. diplomatic and financial support is critical in order to strengthen the Palestinian Authority, enhance its capacity to defeat terrorist groups, and marshal international funds. In order to combat the influence of organizations who oppose the peace process, the U.S. must be a leader in the multinational effort to build a sorely-needed economic infrastructure in the Gaza Strip. Indeed, Israeli intelligence has concluded that the effect of a cut-off in aid would be an increase in terrorism. In order to assume the mantle of leadership in this effort, the U.S. must be able to negotiate with PLO leaders and fund projects related to the Palestinian Authority.

Israel's interests in this area were recently articulated by Israeli Ambassador Itamar Rabinovich (Near East Report, April 24, 1995):

"The U.S. and Israel share the view that economic progress – for which the international aid is essential – will reinforce the pragmatic elements in Gaza and Jericho, and, conversely, that stagnation and poverty will play into the hands of groups like Hamas and Islamic Jihad.

"As for the implementation by the Palestinians of the commitments they have undertaken, the Government of Israel has played, and will continue to play, the primary role in ensuring it, both through its ongoing contacts with the Palestinian Authority and through the continuing negotiation on the transition to the next phase of the agreement."

Conclusion

The Middle East Peace Facilitation Act has served three purposes vital to U.S. interests in the Middle East. First, it has served as a vehicle for pressuring the PLO and Palestinian Authority to comply with agreements it signed with Israel. Second, it has enabled the U.S. to play a role in fighting the roots of extremism by providing the funding for economic development and to train and equip the nascent Palestinian police force. Third, it is necessary for the Palestinian population to experience the tangible benefits of peace. While the Palestinians have not yet achieved the critical goal of stopping acts of terror, the Clinton Administration has successfully used the Middle East Peace Facilitation Act to demonstrate to the PLO that continued U.S. diplomatic and financial support is dependent on a trajectory of improvement in Palestinian efforts to thwart acts of terror.

Congress should promptly support Senate Bill 1064 – without amendment – The Middle East Peace Facilitation Act of 1995, introduced by Senators Helms and Pell.

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ADL Anti-Defamation League®

STATEMENT OF THE
ANTI-DEFAMATION LEAGUE
TO THE
INTERNATIONAL RELATIONS COMMITTEE
HEARINGS ON THE MIDDLE EAST PEACE PROCESS
SEPTEMBER 20, 1995

In no uncertain terms, the signing of the Israel-PLO Declaration of Principles in 1993 was a historic breakthrough in the long and difficult search for Arab-Israeli peace and reconciliation. For Israel, the agreement reflected the depth of its commitment to reaching peace with its Palestinian neighbors. For the PLO, it represented a radical break with its longstanding policies of violence and rejection. For both parties, the agreement initiated a long and arduous negotiating process aimed at mutually determining the future status of the West Bank and Gaza Strip.

The peace process, while fraught with difficult issues and efforts by extremists to stop it, represents an enormous diplomatic success for Israel and the U.S.

58 countries have established diplomatic relations with Israel since the peace process began. The Israel-Palestinian accord has boosted progress in other bilateral areas, as well. Chief among them has been the Israel-Jordan peace agreement which ushered in a new era in regional cooperation. The potential now exists for regional stability.

Since the signing of the DOP and the Cairo agreement, as the agreements were translated into facts on the ground, and the path was paved for Palestinian autonomy in and Israeli withdrawal from Gaza and Jericho, extremists have tried to derail the process using brutal means. Renegade violence, whoever the perpetrator, is never legitimate and undermines the genuine efforts on both sides.

Peace in this context is not an overnight phenomenon. Enmity developed over more than a century takes time to transform. During this time, it is important to provide strong U.S. support for Israel's quest for peace while requiring the PLO to adhere to its commitments to halt terrorism.

Security is the sine qua non of the process. In order for the Israeli public to feel confident that their security interests are being protected, pressing for Palestinian compliance with commitments is essential. Over the long term, continued movement toward coexistence in the region is the best defense against terrorism.

Anti-Defamation League of B'nai B'rith, 823 United Nations Plaza, New York, NY 10017 (212) 490-2525 FAX (212) 867-0779

At the same time, regardless of how we assess Palestinian performance in combatting terrorism, the fact of the newly formed Israeli-Palestinian partnership in this fight -- including joint security patrols and other joint antiterrorism initiatives -- and shared commitment to peace is historic and represents a victory for the diplomatic process in and of itself.

Israel has called upon the United States and the international community to assist the fledgling Palestinian Authority (PA) based on its assessment that international support is critical to the ability of the PA to sustain itself. Israel entered into a partnership on the basis of three fundamental commitments made by the PLO:

-- Acceptance of Israel's right to exist in peace and security
-- Acceptance of United Nations Resolutions 242 and 338
-- Renunciation of and commitment to combat terrorism

Since that time, through the Middle East Peace Facilitation Act, the U.S. Congress has been resolute in requiring the PLO to take meaningful steps to comply with its commitments. ADL supports enactment of the 1995 Middle East Peace Facilitation Act (MEPFA). Through MEPFA, the U.S. sends a strong message that the PLO must fully and meaningfully adhere to its commitments if it hopes to continue to receive U.S. assistance.

We acknowledge and welcome the PA's recent increased resolve and concrete actions in the area of combatting terrorism on the ground. More needs to be done. The Palestinian Covenant remains unamended and Islamic militants still operate with relative freedom. We continue to urge the PA to use all available means to rein in radicals who are engaging in a brutal campaign of violence against Israeli citizens and who seek the destruction of the State of Israel.

The Arab-Israeli peace process remains a major U.S. foreign policy goal. Congress's role in promoting reconciliation between Israel and the Palestinians by pressing for compliance with agreements and supporting continued negotiations is indispensable in the larger strategy of alleviating terror and extremism in the Middle East.

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FOREIGN POLICY

NUMBER 100 FALL 1995

The Path to Peace

by Robert Satloff

In October 1991, in a royal palace in Madrid, a dour, monosyllabic Israeli prime minister sat across a great, rectangular table from second-tier representatives of the Palestinian people, whose own organizational leadership was banished from the proceedings because of its reliance on terrorism as policy. Today, the two principals, Israel and the Palestine Liberation Organization (PLO), are formally bound by a contractual agreement witnessed by the United States and Russia to settle all disputes peacefully and to negotiate the end of their century-old conflict by determining the "final status" of the West Bank and Gaza and other critical issues.

Seated near the Palestinian representative in Madrid was the foreign minister of the Hashemite Kingdom of Jordan, whose soldiers—then (and perhaps still) the finest in the Arab world—were the first to cross the Jordan River on May 15, 1948, to take up arms against the fledgling Jewish state. Today, Israel and Jordan are at peace, having negotiated a remarkably creative treaty that not only ends 46 years of war but sketches a blueprint for a warm web of political, economic, and human relationships.

Also at that table was the foreign minister of Syria, a country that earned its spot on the U.S. government's list of terror-supporting states both for its direct role in terrorism and for its sponsorship and sufferance of Palestinian, Lebanese, Armenian, Turkish, and other terrorist groups. Though miffed that lesser Arab brethren brokered their own separate agreements with Israel, Syrian representatives—including the chief of staff of the Syrian armed forces, a lofty position in a military dictatorship—are today quietly negotiating with their Israeli counterparts on aspects of a peace treaty that is hailed

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by supporters (and detractors) as a potential "peace to end all wars" in the Middle East.

Overall, the diplomatic record since Madrid is resoundingly positive. For that, the Bush and Clinton administrations, which have been the principal sponsors of the peace process, deserve wide acclaim. The speed of change has been so rapid—Gaza-Jericho, the "handshake" on the White House lawn, multilaterals, London talks, Washington Declaration, Wadi al 'Arabah, Casablanca, military-to-military talks—that the novel has become ho-hum. That, however, does not make the change any less significant.

In historical terms, the greatest achievement of the Madrid process is to have bolstered a dynamic change in Arab-Israeli relations from conflict to negotiation to, in some hopeful areas, recognition of mutual interests. For most observers, the operative issue today is not the imminence of Arab-Israeli war but the battle being waged on many fronts between the region's moderate forces—Arab, Israeli, and Turkish—and their reactionary, atavistic nemeses, both secular and religious. After a half century of simmering intercommunal conflict in what was once Mandatory Palestine and a quarter century of interstate conflict that spanned a far wider arena, the last two decades have witnessed a slow but consistent process of peacemaking, both within societies and between states and peoples. In this process, most Arab leaders (and, to an alarmingly lesser degree, their peoples) have come to terms with Israel's strength, resilience, and permanence; Palestinians have gained recognition of nationhood from everyone that matters (most importantly, Israel); and Israelis, now able to flit about the region from Marrakech to Manama, feel more secure to do business in Milan and Manila. Through it all, the win-win process of peacemaking has come to supplant the zero-sum process of warfare, which the Arabs clearly lost but from which Israel could not gain.

Against this litany of good news stand two unhappy realities. First, as the fate of the 1983 peace accord between Israel and Lebanon shows, the peace process is neither irreversible nor irrevocable. The post–Gulf war successes of Madrid, Oslo, Wadi al 'Arabah, et al., were made possible by the historic confluence of American dominance, Soviet irrelevance, Israeli strength, Palestinian disillusionment, and a general sense of realism and pragmatism that took hold in the Arab world. As those ingredients shift, the process changes,

and the ability of those achievements to survive future tests, such as succession crises, will change, too.

Second, because the Arab-Israeli conflict has been a systemic phenomenon, in which the ideological, economic, social, cultural, political, and military energies of states, nations, and peoples were committed (both voluntarily and through *force majeure*) to "the struggle," ending the conflict will require decades of effort and perhaps even generational change. It is important to recall that on just the diplomatic level, nearly 10 years were needed—from the Kilometer 101 talks in 1973 to the final Israeli withdrawal from the Sinai in 1982—to create peace between Egypt and Israel; Syria and Israel began a negotiating process at about the same time, but they remain far from signing, let alone implementing, a peace accord. To the dismay of diplomats, the end of the Arab-Israeli conflict is not just one shuttle mission, one secret negotiation, or one signing ceremony away. In fact, Uday Hussein, the son of the leader of the Arab state most recently to attack Israel, could still in June 1995 editorialize in his Baghdad newspaper *Babil* that the Arabs need to improve upon Egyptian leader Gamal Abdel Nasser's exhortation to throw the Jews into the sea because some of them might still swim to safety.

American Interests

For the United States, helping to achieve Arab-Israeli peace remains a vital national security policy, even though the region is no longer a setting for potential superpower confrontation—a main reason for Washington's devotion to peacemaking in the 1960s, 1970s, and 1980s. In the late 1990s, Arab-Israeli peace is a key element in maintaining America's two overriding interests in the Middle East: the safety and survival of Israel and secure, unhindered access to the region's oil and gas at reasonable prices.

For the former U.S. interest, the relevance is obvious; for the latter, the impact of peace is more complicated but no less direct. Domestically, peace would permit America's friends to devote a greater share of their nations' resources to solving economic and social problems, denying radicals fertile ground for propagandizing and proselytizing at home. Regionally, peace would deprive troublemakers like Saddam Hussein the "wedge issue" of Palestine to make mischief in the region and would permit Arabs, Israelis, and Westerners to focus

their energies on the two challenges to regional stability that threaten them—the secular radicalism of Iraq and the religious militancy of Iran. What makes the potential payoff of peace so great for the United States is that it would affirm a strategic consensus between America and all of its regional allies.

Recognizing the two unhappy realities of the peace process—that past achievements are not necessarily irreversible and that future successes may take considerable time—the Clinton administration faces steep challenges between now and November 1996. The Israel-PLO accord of September 1993, a breakthrough of seismic proportions, risks succumbing to popular disenchantment on both sides owing to a sinister cycle of terrorism, retribution, deprivation, disillusion, and more terrorism. The Jordan-Israel peace treaty of October 1994, another signal achievement, risks settling into an unfulfilling "peace of the elites," because the Jordanian man-in-the-street (or soldier-in-the-barracks) has yet to benefit from its trickle-down effects. The Egypt-Israel peace of March 1979, foundation for the peace process, risks eroding as an array of issues—from Egypt's criticism of Israel's nuclear policy to competition for dwindling U.S. aid dollars—divides these pioneers in peacemaking. The multilateral peace process, a little-known but innovative series of experts' discussions on transnational issues (e.g., water resources, environment, economic development, refugees, arms control, and regional security), risks atrophying without the political commitment of the region's leaders. The process of Israel's political and economic integration into the Middle East, heralded by diplomatic openings throughout North Africa (except Libya) and the Arab Gulf, risks slowing without having achieved an end to the Arab boycott of Israel.

On top of all this, the Clinton administration has made the achievement of an Israel-Syria peace agreement one of its highest priorities. This reflects both the wish of the Israeli government, whose relations with the United States are at a historic high after the quarrels of the George Bush–Yitzhak Shamir years, and the predilection of Bill Clinton, Secretary of State Warren Christopher, and the latter's "peace team." The reason for this situation is simple: Peace with Syria, it is argued, would have implications far beyond a straightforward bilateral agreement. Reconciliation between "the beating heart of Arab nationalism" on the one hand and the "Zionist entity" on the other would constitute the keystone to what is termed "compre-

hensive peace." Comprehensive peace means ending the Arab conflict on Israel's borders, committing Damascus to cut off Hizbollah and other terrorist groups, giving the "green light" for an Israel-Lebanon peace agreement, and removing all obstacles to Israel's normalization with the wider Arab world. For the United States and Israel, the attainment of a comprehensive peace would confirm the wisdom of strategic cooperation in the peace process and would usher in a truly "new Middle East."

With so much at stake, neither Washington nor Jerusalem has been shy about pursuing peace with Syria. Israel, for example, has put aside its preference for direct talks, accepting what Israel's chief negotiator has termed "trilateral negotiation" (with Washington as the third party), and it has not required Syria to end its support for anti-Israel (e.g., Hizbollah) terrorism as a precondition of formal bargaining. On the American side, its interest in an Israel-Syria peace is such that Christopher has visited Syria 19 times on 12 trips to the Middle East in just 30 months. (By contrast, he has visited America's troubled neighbor Mexico only once.) These exertions notwithstanding, Israel-Syria negotiations move at a glacial pace. After more than three and one-half years of talks, the two sides are only now beginning serious bargaining on the core issue of security. Even this tentative step forward first required agreement to postpone talks on three other critical items—the extent of Israel's territorial withdrawal, the parameters of normalization, and the timetable for implementing a peace accord. Should the Syrians be truly committed to an agreement, finalizing it will take time, even if its contours appear clear.

Steps Toward Peace

Both Americans and Israelis go to the polls in 1996, and sometime in the first half of that year electoral politics will intrude on the peace process, making progress less likely. With so much in the peace process uncertain, there is much to do and little time. For the United States, this needs to be a period of shoring up past achievements and working toward new ones. To meet that challenge, U.S. diplomats should return to first principles that have been honed from nearly 30 years of peacemaking efforts. *First, secure an environment in which Arabs and Israelis can settle their disputes through nego-*

tiation. In practical terms, this approach involves proactive, ongoing efforts to insulate the peace process from its enemies—Iraq, Iran, and transnational terrorism. Madrid happened because of U.S. leadership in the Gulf war; without that leadership, and without the continued deterrence of the region's radical forces, the chances for further progress toward Arab-Israeli peace are slim.

Second, reduce the risks of peacemaking for those who contemplate compromise and support the courage of those who opt for it. Four simultaneous efforts are necessary to the realization of this principle:

- Continue to work in partnership with Israel. The strength of the U.S.–Israeli relationship is critical to helping Israelis persevere with the peace process in the face of suicide car bombs and *katyusha* rocket attacks, demands to cede strategic territory in exchange for promises of peace, and harangues over Israel's strategic deterrent.
- Redouble efforts to promote international aid and investment in the West Bank and Gaza Strip as a way to bolster popular support for the pro-Oslo Palestinian leadership while taking a firm stand against backsliding, mismanagement of aid funds, and sufferance of terrorism. Although the Israel-PLO negotiations are largely a bilateral affair, the United States must try to ensure that the Palestinian Authority (PA) does not wither on the vine (as many Arab parties seem willing to permit) while at the same time insisting that the PA not receive a "free pass" when it comes to meeting its contractual commitments.
- Remove the issue of Jordanian debt relief from White House–congressional feuding and find low-cost ways (such as excess defense articles, corporate trade missions, and increased funding for International Military Education and Training (IMET)) to help Jordanians realize the benefits of peace. Failing to find some support for Jordan's peacemaking efforts would be not only penny-wise and pound-foolish as far as the Jordanians are concerned, but it would send negative signals to Damascus and elsewhere about America's resolve in support of peacemakers.
- Broaden ongoing dialogue with Egypt to ensure that the special U.S.–Egyptian relationship remains on firm footing as Egyptians contemplate a Middle East in which they are no longer the only state at peace with Israel. A stable Egypt is the linchpin of a

stable Middle East. It is especially important to talk early, seriously, and creatively with Egypt about ways to bolster U.S.–Egyptian strategic ties and the future of the U.S. economic assistance package.

Third, with Syria, be prepared. Having engineered direct negotiations at a high level—the two sides' chiefs of staff—the United States should let the negotiations take their course, injecting itself into the process only when both needed and asked by the two sides. This means that the United States should be prepared at the highest level to act as an honest broker should Israel and Syria together seek U.S. mediation; to serve in a limited role as monitor should they together seek U.S. help in implementing terms of a future agreement; and to press U.S. demands on Syria regarding terrorism, proliferation, narcotics, counterfeiting, Lebanon, and human rights lest they be lost in the festivities accompanying an Israel-Syria breakthrough. (A "mechanism" established by Presidents Clinton and Hafez al-Assad in January 1994 to address these concerns died an early death.) Striking the proper pose between advancing U.S. interests in Israeli-Syrian peace and protecting U.S. concerns about the troubled U.S.–Syrian relationship is a difficult balance, only somewhat eased by Syria's own desire for improved ties with Washington.

Finally, maintain perspective, composure, and momentum. Like the stock market, the peace process is on a historically upward slope, but that does not mean it is immune from great shocks. From outside the process, terrorism (Beit Lid, Afula, Hebron), assassination plots (Hosni Mubarak, Yasir Arafat), and coup attempts (King Hussein, Sultan Qaboos of Oman) can all be expected. Inside the process, progress toward "final status" arrangements will itself produce intense and divisive disputes over sensitive issues, not least of which is Jerusalem. Through it all, America's role is to help its friends and partners work toward agreements that promote stability, satisfy their basic requirements, and terminate sources of future conflict.

Burdened with daunting challenges to safeguarding past achievements and substantial obstacles to finding future breakthroughs, the Arab-Israeli peace process faces a difficult time ahead. For the Clinton administration, which has invested so much to see still so much left undone, solace should come in knowing that this will not be the first, the only, or the most troubled period in a historic process that is still unfolding.

PEACE AT RISK

by Dr. James Zogby

President
Arab American Institute

November 21, 1994

The peace process, despite the great hopes that it engendered and its much celebrated achievements and despite the fact that Israelis and Palestinians may soon sign yet another agreement, is at an impasse. It is an impasse rather than a collapse because some aspects of the process are irreversible. Instead of moving forward, the Israeli-Palestinian relationship has, to all appearances, entered a new stasis — and within that stasis the dynamic is a downward spiral.

And in this situation the Palestinians are the big losers, victims once again of the asymmetry of power that has marked their entire political history.

There is a great deal of irony in all of this, since it was the Palestinians signing of a Declaration of Principles with Israel in 1993 which opened the door and made possible the progress achieved thus far: the Israel-Jordan peace agreement, movement toward ending the Arab boycott of Israel, the expansion of Israel's relations with Muslim nations from 2 to 14, and the historic Middle East economic summit in Casablanca and the one to come in Amman.

And yet, with world attention focused on those developments, the Israeli-Palestinian relationship itself has deteriorated. It is as if energy has been mobilized toward constructing the 5th and 6th floors of a building whose foundations are unfinished and even crumbling. Or, to return to the original metaphor, Palestinians opened the door to a new Middle East, held it open for others but have not been permitted to enter themselves.

The centerpiece of the Israel-Palestinian Declaration of Principles was its "mutual recognition" of two peoples with equal rights. In the preamble to the agreement, Israel and the PLO agreed to:

> "recognize their mutual legitimate and political rights, and strive to live in peaceful coexistence and mutual dignity and security and achieve a just, lasting and comprehensive peace settlement and historic reconciliation...."

The implementation of these mutual rights was to be phased with each phase designed to create the confidence to enables the parties to move forward to the next phase.

Israelis expected that the process would create greater security and regional acceptance of their state, while Palestinians expected that the process would yield economic prosperity and implementation of their political rights to an independent state.

But upon entering into negotiations to implement the Declaration of Principles, the Palestinians discovered that the government of Israel lacked the political strength to apply "mutuality" as spelled out in the agreement. The optimism of the Palestinian negotiators was crushed as the Israelis continued to squeeze the Palestinians to accept less and less at each stage of the talks.

Nabil Shaath, for example, projected that the process would work despite the objections of a strong Palestinian opposition. He described how as peace expanded, Palestinians would receive the expanded benefits of peace. Opposition would dissipate and those who used violence to subvert the peace would be isolated by the larger community that would be invested in the fruits of peace. The strength of the Palestinian Authority and the strength of the peace process itself depended upon the ability to change Palestinian daily life and move Palestinians from a state of oppressive occupation to real freedom.

In this view, the Israeli quest for security and recognition is intrinsically linked with the Palestinian quest for prosperity and peace — they are two sides of the same coin. To the extent that Israel continues to control the process, to impose humiliating conditions on the Palestinian Authority, and to dominate daily life in the West Bank and Jerusalem — to that same extent will the Palestinian authority and the peace process itself lose legitimacy in the eyes of the Palestinians. And to that same extent, Israelis will not achieve the security they long for, as Palestinian militants will continue to strike out against them <u>and</u> be supported by a frustrated and alienated Palestinian

constituency.

Its is now one year since the September 13th signing, and the fruits of peace are too few to maintain momentum for the process in a Palestinian population sill losing its rights.

— Gaza still has 60% unemployment and open sewers.

Even the few thousand Palestinians who worked for poverty-level wages as day laborers in Israel have been repeatedly denied access to jobs — jobs made necessary by an Israeli policy of de-development of the West Bank and Gaza economies during its 27 years of occupation.

— Israel has failed to offer even a minimum of confidence-building gestures to the Palestinians. And the Israelis continue to exercise control over too many areas of activity, which promotes a lack of public confidence in the independence of the Palestinian Authority.

— Israeli settlement-building continues unabated. Rabin's Labor government, while pledging an end to all settlement construction as a condition of receiving U.S. loan guarantees, has, during the past two years, either completed or started construction on roughly 30,000 new housing units in the West Bank and Gaza and in the "annexed" area around East Jerusalem. And with this construction comes new roads and expanded infrastructure.

— East Jerusalem, the religious, cultural, economic and welfare center of Palestinian life has been virtually cut off from the rest of Palestinian society.

— The process leading to Palestinian elections has been repeatedly delayed. While elections are necessary for the legitimacy of the process and the Palestinian Authority, Israel's concerns have once again won out, quite simply because they have the power to set the time and terms of the process.

— And finally, donor funds — so vital for building infrastructure, creating jobs, and inspiring hope in the peace process — have simply not materialized on the scale needed to jumpstart the process of moving forward. And so, instead of being strengthened, the process was weakened.

The problem today is not only these delays and the tragic and condemnable acts of extremist violence that take innocent lives. The defining problem is that both Palestinians and Israelis have lost the hope they once had that real peace is possible.

Israelis may feel today more accepted in the broader Middle East, they can travel to Petra or Casablanca and attend conferences in other Arab capitals. But now they fear getting on a bus to go to the local market. An implied potential external threat has been replaced by a real internal threat. And Palestinians see their once-raised expectations dashed, and a once-revered leadership undermined and, at times, humiliated.

This is new stasis — an unraveling of hope and an expansion of anger and cynicism in both Israeli and Palestinian societies.

The question that now remains to be asked is, has there already been too much erosion for the peace process to be salvaged? Or has the region merely moved from one stage of conflict to another, without the just resolution that so many hoped for?

The solution applies a counterintuitive logic to the problem. For Israel to be more secure and for peace to be won, it must take greater risks and surrender more rights and power to the Palestinians. Steps should be taken to rapidly implement the Declaration of Principles and invest the Palestinians in the process and in their leadership. Elections and Israeli withdrawal from Palestinian population centers should take place as soon as possible and <u>without any more conditions being imposed</u>.

It is not enough for Palestinians to be reduced to administering the occupation — they must be given <u>freedom</u>, and only Israel can give that. And <u>economic</u> investment must be accelerated, with the international community adopting a sense of urgency in this regard.

For only when Palestinians experience freedom, the benefits of peace and the hope that justice will be done can their support for the peace process and their leadership be restored. Only then can the Palestine National Authority act with legitimacy to establish order, and only then will Israelis achieve the security they hoped peace would bring.

NEWS RELEASE

ZIONIST ORGANIZATION OF AMERICA

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September 13, 1995 **Contact: Morton Klein, (212) 481-1500**

Attn: NEWS EDITOR

NEW POLL SHOWS MAJORITY OF U.S. JEWS OPPOSE U.S. AID TO PLO AND DISTRUST ARAFAT

NEW YORK- The latest survey by the American Jewish Committee shows that the majority of American Jews oppose further U.S. aid to the PLO and distrust Yasir Arafat. Officials of the Zionist Organization of America (ZOA) are meeting with leading Members of Congress this week to discuss the new poll and other issues concerning U.S. aid to the PLO.

The AJCommittee poll, released on September 12, 1995, found:

* *63% of U.S. Jews oppose further American "economic aid to the Palestinians." (Just 30% support it.)*
* *71% of U.S. Jews say that Arafat and the PLO cannot be "relied upon to honor agreements and refrain from terrorism." (Only 17% think they are reliable.)*
* *56% of U.S. Jews believe that "the goal of the Arabs is not the return of occupied territories, but rather the destruction of Israel." (37% do not believe that.)*
* *91% of U.S. Jews say "the PLO is not doing enough to control terrorist activities against Israel."*

The poll results are similar to those of the Luntz Poll which was taken in May 1995. Luntz found that 62% of U.S. Jews distrust Arafat, and 56% said the Israel-PLO peace accords have failed. A Luntz Poll of the entire American public, also in May 1995, found that 78% of Americans oppose giving further aid to the PLO until the PLO keeps its commitments and expels terrorists from Gaza and Jericho.

"These polls show that American Jews are losing confidence that these peace agreements will bring real peace," said Morton A. Klein, ZOA National President. "The clear majority of both American Jews and Americans in general are opposed to giving hundreds of millions of dollars to Arafat, who encourages terrorism by continuing his 'jihad, via deaths' speeches and by praising terrorists as 'heroes', who is violating virtually all aspects of the accords, and who is misappropriating funds donated from around the world."

"The U.S. Congress, which is now considering the issue of further U.S. aid to the PLO, should take into consideration the fact that the overwhelming majority of Americans, and the overwhelming majority of American Jews, clearly do not want their tax dollars being sent to Arafat and the PLO," Klein said.

NEWS RELEASE

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August 21, 1995

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Attn: NEWS EDITOR

American Woman Killed in Jerusalem Arab Bus Bombing

ZOA: U.S. AID TO PLO MUST BE CONDITIONED ON PLO PURSUING TERRORISTS WHO KILLED AMERICANS

NEW YORK- In response to the murder of an American woman in today's Jerusalem bus bombing (in which 5 people were killed and over 100 wounded), the Zionist Organization of America (ZOA) is urging Congress to withhold the planned $500-million in U.S. aid to the PLO unless the PLO makes an all-out effort to apprehend Arab terrorists who have killed or injured American citizens, and pays compensation to the victims' families.

"The U.S. should not be giving the PLO $500-million in taxpayers' money unless the PLO is actively attempting to catch and extradite Arab terrorists who have been involved in attacks on Americans, and pays compensation to the families of Americans who were killed by PLO members in the past," said ZOA National President Morton A. Klein.

Klein noted that when an American student, Alissa Flatow, was murdered by Arab terrorists in the PLO-controlled Gaza Strip in April 1995, Rashid Abu-Shibak, deputy commander of the PLO security services, announced that the PLO would not allow agents of the Federal Bureau of Investigation to investigate the killing (as reported on Israel Radio, April 13, 1995).

The Middle East Peace Facilitation Act (MEPFA), which sets conditions for U.S. aid to the PLO, was temporarily renewed until September 30, 1995. The draft of MEPFA which is currently being circulated, and will be taken up in September, does not contain any provisions regarding U.S. victims of Arab terrorism. By contrast, two other bills regarding aid to the PLO, the Engel-Saxton bill and the D'Amato-Forbes bill, would condition funding to the PLO on the PLO's pursuit of terrorists who have attacked Americans, and would require the PLO to pay compensation to the victims of PLO attacks.

"We are calling on Senators Jesse Helms and Claiborne Pell, co-chairs of the Senate Foreign Relations Committee, to revise their bill to incorporate this vital provision concerning American victims of Arab terrorism," the ZOA President said. "It is a moral outrage that the PLO receives U.S. aid while it is refusing to lift a finger to catch those who have murdered Americans, refusing to pay compensation to the families of the victims, and violating virtually every one of its obligations in the Israel-PLO peace accords."

NEWS RELEASE

ZIONIST ORGANIZATION OF AMERICA

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May 12, 1995 **Contact: Morton Klein, (212) 481-1500**

Attn: NEWS EDITOR

CIA DIRECTOR GAVE SENATE ERRONEOUS INFORMATION ON TERRORISM BY PLO FACTIONS

NEW YORK- The Acting Director of the Central Intelligence Agency recently made erroneous statements to a Senate committee about terrorism committed by factions of the Palestine Liberation Organization (PLO), said Morton A. Klein, National President of the Zionist Organization of America (ZOA).

In recent written testimony to the Senate Intelligence Committee, CIA Acting Director William Studeman erroneously claimed that the PLO has not carried out any attacks since the signing of the Israel-PLO peace accords. Studeman also erroneously claimed that some of the PLO factions which are still engaging in terrorism "renounced their membership" in the PLO two years ago.

(Studeman was replying to questions that were submitted to him by the Committee in writing, following his testimony to the Committee in January. He gave his reply in March; it was only recently declassified.)

"William Studeman's erroneous testimony to the U.S. Senate concerning PLO terrorism may reflect the administration's strategy of whitewashing PLO terrorism and other major PLO violations of the PLO's obligations under the peace accords, so that the PLO will qualify for U.S. aid," ZOA President Klein said. "The State Department has used similar tactics in its first three biannual reports on PLO violations. Congress and the American public deserve to hear the full truth about the PLO's behavior, and if the CIA and the State Department cannot be relied upon to provide it, then Congress may have no choice but to assume a more prominent role in monitoring PLO violations--for example, by establishing a bipartisan subcommittee, under the aegis of the Senate Foreign Relations Committee and the House International Relations Committee, to provide its own biannual reports to the President concerning PLO violations."

According to a transcript of the statements obtained by the Jewish

Continued on page 2

Telegraphic Agency, Studeman was asked by Senator Arlen Specter (R-PA), the committee chair, and Senator Bob Kerrey (D-NB), "Is there any evidence suggesting that the PLO is still involved in terrorist activities?" Studeman replied:

"We have no evidence that any PLO group has engaged in acts of terrorism since Israel and the PLO signed the Declaration of Principles in September 1993, and Arafat reiterated his 1988 renunciation of terrorism. Since September 1993, Palestinian terrorism including that perpetrated by Islamic extremist groups such as Hamas, has been confined to splinter groups beyond Arafat's control. The Popular and Democratic Fronts for the Liberation of Palestine (PFLP and DFLP), which have never been directed by Arafat, renounced their membership in the PLO in September 1993 to protest the Gaza-Jericho accord and have conducted several attacks inside the Territories over the past year."

"The truth is that Yasser Arafat's own Fatah faction of the PLO continued to engage in terrorism against Jews and Arabs after the signing of the accords," said ZOA President Klein. "Since September 1993, Fatah has carried out at least 63 terrorist attacks, in which 25 people were killed and 22 injured."

Other PLO factions, such as the DFLP and the PFLP, have also continued to engage in terrorism. Klein noted that the DFLP and the PFLP have not committed merely "several attacks," as Studeman claimed, but in fact since September 1993, the PFLP has carried out at least 14 attacks (leaving 5 dead and 8 wounded) and the DFLP has carried out at least 14 attacks (leaving 10 dead and 12 wounded).

[For a complete list, with details, of the attacks by Fatah, the DFLP and the PFLP, please call 212-481-1500.]

Klein noted that there is no evidence that the DFLP or PFLP ever "renounced their membership" in the PLO, as Studeman claimed. On the contrary, Klein noted, as recently as April 22, 1995 PLO spokesman and Finance Minister Mohammed Nashashibi publicly referred to the fact that Yasser Arafat has been holding "serious and promising talks with factions of the PLO, including the DFLP, the Popular Front for the Liberation of Palestine, and the Arab Liberation Front." (*Jerusalem Post*, April 23, 1995)

Klein said Studeman's claim that there has been "no PLO terrorism" since the signing of the accords "is particularly ironic in view of the fact that the State Department's own June 1994 and December 1994 reports on PLO compliance mentioned a number of the Fatah attacks and attacks by other PLO factions." (see Annex I, pp.1-3 of the June 1994 report; and pp.5-6 of the December 1994 report.) Klein added: "One would have thought that before testifying about PLO behavior, the Acting Director of the CIA would have read the State Department's reports on the subject."

With regard to Studeman's reference to Arafat's "1988 renunciation of terrorism" (which was made only in exchange for a dialogue with the U.S.), Klein pointed out that shortly after Arafat's 1988 statement, PLO terrorism resumed. Indeed, the U.S. later broke off its dialogue with the PLO, because Arafat refused to condemn an attempted terrorist attack on Tel Aviv beachgoers by a PLO member-organization.

AJ Congress

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September 20, 1995

The Honorable Benjamin Gilman
Chair, House International Relations Committee
United States House of Representatives
2449 Rayburn House Office Building
Washington, DC 20515
Via Fax to 202/225-2035

Dear Mr. Chairman:

Thank you for the invitation to include our comments as part of the Hearing Record for today's hearing on issues relating to the Middle East Peace Process. This brief letter will serve to underscore our deep support for that process, for the leadership of Prime Minister Rabin, and for Middle East Peace Facilitation Act (MEPFA) which would help to ensure the steady advancement of this much needed process.

This is a critical moment in the Middle East peace process. Israel and the Palestinians are completing negotiations on implementation of the historic second stage of the Declaration of Principles. The talks between Israel and Syria continue. Israel and Jordan plan for an unprecedented joint airport. With these talks comes the hope for peace, peace at long last.

Yet, the continuation of this important -- and fragile -- process hinges on the outside assistance of facilitators, especially the United States. Only political support, backed up by financial help, can ensure that these talks, and the results they have already produced, will continue. That is why MEPFA is indispensable, and why all who truly desire peace must support its timely renewal.

The American Jewish Congress expresses its full support for the government of Israel as it carefully pursues difficult negotiations while being subjected to increasingly strident criticism by opponents of the peace process both in Israel and here in the United States. Supporters of the peace process must raise their voices so that they are heard, and are not drowned out by discordant shouts of disapproval.

Today's hearing will reflect a difference of opinion in the American Jewish community. But lack of unanimity is not the same as lack of consensus, and we are confident that those who oppose the peace process are a small minority, however vocal they may be. That is one reason why we have associated ourselves with the testimony which our sister agency, the American Jewish Committee, is presenting this morning. Let there be no mistake -- the vast majority of American Jews support the government of Israel in its quest for peace.

Despite the implications that the failure of the negotiations would have for the future of Israel and its people, the fact is that a loud and fervently motivated segment of Jewish society will not accept any peace agreement that includes territorial concessions; unfortunately, without territorial concessions there can be no peace agreement. Of equal importance, it must be recognized that security considerations have been, and remain, at the core of the Israeli government's concerns as it negotiates.

We urge you to bear these concerns in mind as you consider MEPFA and related issues.

Respectfully,

David V. Kahn
President

Phil Baum
Executive Director

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FOUNDED BY
HENRIETTA SZOLD
IN 1912

September 20, 1995

The Honorable Benjamin A. Gilman
Chairman, International Relations Committee
The House of Representatives
Washington, DC 20515
FAX: (202) 225-2035

Dear Chairman Gilman,

Since we were unable to be attendant and offer verbal testimony at the International Relations Committee hearings on the Middle East peace process, we would like to present to you and the committee a brief outline of our organization's position on this and other related issues.

As you know, Hadassah, The Women's Zionist Organization of America, is the largest Jewish organization in the United States. We support and administer world-reknown medical and educational facilities in Israel, and provide an array of educational, community service and public affairs programs for our members across the United States.

It goes without saying that Hadassah and its members feels closely connected to the people of Israel and have many hopes and concerns about the current peace process. While there is a variety of opinions among the vast membership of our organization, 2,500 delegates to our just concluded National Convention held in Jerusalem in August, representing our 385,000 members nationwide, overwhelmingly approved a resolution expressing Hadassah's "wholehearted support for the government and people of Israel for their bold and determined pursuit of peace, security and economic stability for Israel and for all the peoples and states in the Middle East."

We believe that the United States and Israel share fundamental interests in the post-Cold War Middle East: a common commitment to promoting democracy, pursuing the peace process; and countering Arab and Islamic extremists opposed to peace and regional reconciliation. We are convinced that American foreign assistance provides Israel with the confidence and military deterrence necessary for taking the enormous risks it has in order to pursue a lasting and secure peace with its Arab neighbors. That is why we support the continuation of current levels of aid to Israel and to other participants in the peace process.

In this regard, we also support extension of the Middle East Peace Facilitation Act (MEPFA), particularly the version of the legislation introduced by Senators Jesse Helms and Claiborne Pell. As you know, the Helms-Pell proposal, which has received strong bipartisan support in Congress and the backing of the Administration, also strengthens MEPFA with provisions pressing the PLO toward full compliance with all of its obligations and commitments in its agreements with Israel. This includes measures that must be taken to combat terrorism and to remove, within a reasonable time following the election of a Palestinian Council, sections of the PLO Covenant calling for Israel's destruction. We believe that adoption of this legislation will help pave the way for further progress in the peace process.

We thank you for the opportunity to present our views and the position of our organization as you and the committee deliberate on these issues of vital interest to our country and of deep concern to the members of our community.

Sincerely,

Marlene Post
National President

Beth Wohlgelernter
Executive Director

I

104TH CONGRESS
1ST SESSION

H. R. 1960

To govern relations between the United States and the Palestine Liberation Organization (PLO), to enforce PLO compliance with standards of international conduct, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 1995

Mr. FORBES introduced the following bill; which was referred to the Committee on International Relations, and in addition to the Committee on Banking and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To govern relations between the United States and the Palestine Liberation Organization (PLO), to enforce PLO compliance with standards of international conduct, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Middle East Peace Compliance Act of 1995".

SEC. 2. DEFINITIONS.

For the purposes of this Act—

(1) the term "Palestine Liberation Organization (PLO)" shall be defined as a membership organization encompassing all constituent groups that belong to the Palestine National Council and all individuals that have or continue to publicly demonstrate their allegiance to the Palestine Liberation Organization, or receive funds, directly or indirectly from sources controlled by the PLO. Its legal status is defined by United States law pursuant to title X of Public Law 100–204, section 1002;

(2) for the purpose of this section, the term "foreign assistance" shall be the same as that used under section 634(b) of the Foreign Assistance Act of 1961 (Public Law 87–195); and

(3) the term "Palestinian Authority" shall be defined as the administrative entity established in the self-rule areas of Gaza and the West Bank in accordance with the Declaration of Principles signed in Washington, D.C. September 13, 1993, between Israel and the Palestine Liberation Organization (PLO).

SEC. 3. POLICY.

It is the policy and interest of the United States—

(1) to contribute to the advancement of peace and security in the Middle East by supporting ef-

forts by Israel and the Palestine Liberation Organization (PLO) to reach a nonviolent resolution of their conflict under the terms of the Declaration of Principles on Interim Self-Government Arrangement signed in Washington, D.C., September 13, 1993;

(2) to ensure that both Israel and the PLO fully and meaningfully comply with the terms and conditions of all agreements made between them;

(3) to demonstrate firm, consistent, and unambiguous opposition to terrorism by insisting that Israel and the Palestine Liberation Organization take significant, material, and timely steps to preempt tourist attacks;

(4) to ensure that the Palestinian Authority fully accounts for basic human needs and infrastructure development funds expended by the United States in Gaza and Jericho in accordance with standard commercial principles and practices;

(5) to ensure that Israel and the Palestine Liberation Organization cooperate fully with United States law enforcement agencies to apprehend, prosecute, and convict all individuals involved in the criminal injury or death of United States citizens or the willful damaging of United States property;

(6) to hold the PLO and its administrative authority in Gaza and Jericho accountable for unlawful acts carried out within its jurisdiction or emanating from territory under its administrative control;

(7) to ensure that all recipients of United States foreign assistance evidence a clear commitment to democracy, justice, and the rule of law and conform to established standards of financial management and accountability; and

(8) to contribute to the long-term security, stability, and economic health of the State of Israel through the maintenance of close bilateral ties and, to the greatest extent possible, to provide such levels of assistance to Israel as are necessary and sufficient to achieve these objectives, irrespective of the success or failure of the agreements between Israel and the PLO.

SEC. 4. FINDINGS AND DETERMINATIONS.

(a) Pursuant to the commitments between Israel and the PLO described in section 6 of this Act, the Congress makes the following findings:

(1) After decades of conflict, Israel and the PLO have entered a new era which presents an historic opportunity for peaceful coexistence and a stable democratic future for themselves and the region.

(2) The basis for this new relationship between Israel and the PLO is the set of agreements to which both parties are signatories and which emanate from the Declaration of Principles on Interim Self-Government Arrangements, signed in Washington, D.C., on September 13, 1993.

(3) The United States agrees to serve as a partner in the effort to bring about a lasting reconciliation and understanding between Israel and the PLO.

(4) The United States recognizes all of the agreements referred to in section 6 of this Act are legally binding on Israel and the PLO, that they were entered into freely and in good faith and that Israel and the PLO are committed to their complete fulfillment.

(5) The United States is relying upon Israel and the PLO to honor their commitments to elected representatives and officials of the United States Government prior to and following the signing of the Declaration of Principles, including the promise of the PLO to halt terrorism emanating from areas under its control.

(6) The United States is committed to providing funding for infrastructure development and basic

human needs in Gaza and Jericho, but not through any institution or entity of the PLO or the Palestinian Authority and only where Israel and the PLO have demonstrated that they have taken substantial, timely, and meaningful steps toward full compliance under their respective agreements.

(7) The United States is resolute in its determination to ensure that in providing assistance to Palestinians living under the administrative control of the Palestinian Authority or elsewhere, the beneficiaries of such assistance shall be held to the same standard of financial accountability and management control as any other recipient of United States foreign assistance.

(8) Since the signing of the Declaration of Principles, the United States has had sufficient time to evaluate the sincerity, commitment, and effectiveness with which Israel and the PLO have complied with both the spirit and the letter of the joint agreements to which they are signatories.

(b) DETERMINATIONS.—Therefore, the Congress determines the following:

(1) The PLO continues to demonstrate widespread and systematic disregard for both the spirit and the letter of the understandings reached in a

succession of agreements between it and the State of Israel.

(2) Information provided by the President on the compliance of the PLO with its agreements is often ambiguous, insufficient, at variance with the assessments of independent monitoring groups and falls short of the standards of accountability expected of other recipients of United States foreign assistance.

(3) The PLO specifically has failed to take substantial, timely, and meaningful steps to fulfill its legal obligations in the following areas:

(A) AMENDING THE PLO COVENANT.—In violation of commitments made by the PLO in the letter of September 9, 1993, between the PLO leader and the Prime Minister of Israel, 1993, the PLO has failed to repeal the provisions of its charter which declare Israel to be illegitimate and call for its elimination through armed struggle.

(B) PREVENTING TERRORISM.—In violation of the terms agreed to in the Gaza-Jericho Agreement, annex III, article I, section 5 and the letters of September 9, 1993, between the PLO leader and the Prime Minister of Israel

and between the PLO leader and the Foreign Minister of Norway, the PLO has not legally banned terrorist organizations such as Hamas and Islamic Jihad and has done little to discipline them. In the 19 months before the Declaration of Principles there were 318 casualties from terrorism in Israel and the territories (68 people were killed and 250 injured). This is in contrast to the 19 months following the signing of the Declaration of Principles, there were 651 casualties from terrorism in Israel and the territories (134 people were killed and 517 injured), an increase of nearly 100 percent.

(C) PROSECUTING TERRORISTS.—In violation of the terms agreed to in the Gaza-Jericho Agreement, annex III, article I, section 5 and the letters of September 9, 1993, between the PLO leader and the Prime Minister of Israel and between the PLO leader and the Foreign Minister of Norway, the PLO has failed to investigate terrorist incidents, prosecute terrorists according to the rule of law, or ensure that the sentences imposed for terrorist acts are more than perfunctory. The PLO repeatedly has declared that it considers terrorist organizations

such as Hamas and Islamic Jihad as legitimate opposition groups with whom they are prepared to conduct a dialog. The PLO has not legally banned extremist organizations and instead, employs Hamas sympathizers in its administration in Gaza.

(D) PREVENTING INCITEMENT TO VIOLENCE.—In violation of the terms agreed to in the Gaza-Jericho Agreement, article XII, paragraph 1 and the letters of September 9, 1993, between the PLO leader and the Prime Minister of Israel and between the PLO leader and the Foreign Minister of Norway, PLO officials continue to advocate holy war (jihad) against Israel, glorify suicide bombers, lend support and comfort to terrorist groups, and issue propaganda delegitimizing Israeli sovereignty even within its pre-1967 borders.

(E) BARRING UNAUTHORIZED FORCES.—In violation of the terms agreed to in the Gaza-Jericho Agreement, article IX, section 2, the PLO continues to permit illegal military and paramilitary groups to conduct terrorist operations against Israel from administrative areas under its control.

(F) CONFISCATING UNAUTHORIZED WEAPONS.—In violation of the terms agreed to in the Gaza-Jericho Agreement, annex I, article VIII, section 8, the PLO has failed to fulfill its commitment made to the United States Vice President on March 24, 1995, to take significant steps to disarm military and paramilitary groups under its administrative control, to license weapons, or to substantially enforce, by judicial means, individual violations.

(G) EXCLUDING TERRORISTS FROM SECURITY SERVICES.—In violation of the terms agreed to in the Gaza-Jericho Agreement, annex I, article III, section 4(b), the PLO continues to employ policemen who have been convicted of serious crimes.

(H) EXTRADITING TERRORISTS.—In violation of the terms agreed to in annex III, article II, section 7, the PLO consistently refuses to extradite individuals suspected in terrorist crimes against Israeli citizens and has not complied with earlier demands of the United States Government to extradite individuals suspected of crimes against Americans to the United States.

(I) PROHIBITING THE LOCATION OF INSTITUTIONS OF THE PALESTINIAN AUTHORITY OUTSIDE OF GAZA AND JERICHO.—Under article V of the Gaza-Jericho Agreement, the Palestinian Authority has attempted to extend its authority beyond the boundaries of Gaza and Jericho. It has failed to live up to its commitment not to operate offices in Jerusalem and has opened at least 7 institutions in and around the city.

(J) FACILITATING THE RELEASE OF ISRAELI POWS/MIAS.—The PLO has failed to provide Israel with information it possesses on the condition and possible whereabouts of at least one Israeli MIA.

(K) AVOIDING AND PUNISHING THE ILLEGAL TRANSFER OF FUNDS.—In violation of the spirit of the Gaza-Jericho Agreement and standard international principles and practices of financial accountability, administrative authorities in Gaza have diverted substantial amounts of development assistance to activities of the PLO both inside and outside of Gaza and Jericho.

(L) PREVENTING INFILTRATIONS.—In violation of the terms agreed to in the Gaza-Jericho Agreement, article IV(2)(c), the Palestinian Police authorities has failed to halt infiltrations from Egypt to Gaza and from Gaza to Israel.

SEC. 5. GENERAL RESTRICTIONS ON ASSISTANCE.

Notwithstanding any other provision of law, the following restrictions shall apply with regard to all assistance provided by the United States and intended to benefit Palestinians living in areas controlled by the PLO or the Palestinian Authority:

(1) All funds made available to areas under the administrative control of the Palestinian Authority shall be provided only through agencies or entities of the United States Government or private voluntary organizations designated by the Secretary of State and registered in the United States: *Provided*, That no funds shall be obligated or expended for any projects or activities of the Palestinian Authority in Jerusalem or that benefit Palestinians living in Jerusalem.

(2) Under no circumstances and notwithstanding any other provision of law, none of the funds authorized or appropriated under this or any other Act shall be made available, directly or indirectly, to ben-

efit the Palestine Liberation Organization (PLO), its agents, entities, projects, programs, institutions, or activities under its control, or directly or indirectly, to benefit the operation of the Palestinian Authority in Gaza, Jericho, or any other area it may control.

(3) Funds authorized or appropriated under this or any other Act shall only be made available for humanitarian assistance, economic development, and basic human needs infrastructure projects or activities which directly benefit Palestinians in areas under the administrative control of the Palestinian Authority.

(4) The total amount of United States assistance benefiting the Palestinians resident in areas under the administrative control of the PLO and the Palestinian Authority for any single year shall not exceed the largest total contribution by a member of the Arab League to the Palestinian Authority in the previous full calendar year.

(5) None of the funds authorized or appropriated under this or any other Act shall be made available to benefit, directly or indirectly, Palestinians living under the administrative control of the Palestinian Authority until the PLO substantially,

materially, and in a timely fashion complies with the provisions of section 7 of this Act.

(6) No funds made available by this or any other Act and intended to benefit Palestinians living in areas controlled by the PLO or the Palestinian Authority shall be used for the purchase, lease, or acquisition by any means of lethal equipment, supplies, or infrastructure to support that equipment or its use in military or paramilitary operations or training.

(7) No funds shall be made available under this or any other Act to benefit Palestinians living in areas controlled by the PLO or the Palestinian Authority should the PLO conclude a formal or informal arrangement with Hamas, Islamic Jihad, or any other group practicing or supporting terrorism under which the terrorist activities of these groups, either inside or outside of Gaza and Jericho, will be allowed to continue or be tolerated in any respect.

(8) As set forth in section 585 of the Foreign Operations, Export Financing, and Related Programs 1995 Appropriations and 1994 Supplemental Appropriations Act (Public Law 103–306):

(A) None of the funds made available under this or any other Act shall be obligated

or expended to create in any part of Jerusalem a new office of any department or agency of the United States Government for the purpose of conducting official United States Government business with the Palestinian Authority over Gaza and Jericho or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles: *Provided,* That this restriction shall not apply to the acquisition of additional space for the existing Consulate General in Jerusalem.

(B) Meetings between officers and employees of the United States and officials of the Palestinian Authority, or any successor Palestinian governing entity provided for in the Israel-PLO Declaration of Principles, for the purpose of conducting official United States Government business with such authority should continue to take place in locations other than Jerusalem. As has been true in the past, officers and employees of the United States Government may continue to meet in Jerusalem on other subjects with Palestinians (including those who now occupy positions in the Palestin-

ian Authority), have social contacts, and have incidental discussions.

(9) No funds made available under this or any other Act shall be used to benefit any individual who has directly participated in, or conspired in, or was an accessory to, the planning or execution of a terrorist activity which resulted in the death, injury or kidnaping of an American citizen.

SEC. 6. PLO-ISRAEL COMMITMENTS DESCRIBED.

The commitments referred to under this Act and recognized by the United States are the legally binding commitments made by the Palestine Liberation Organization and Israel in the following declarations;

(1) The PLO letter of September 9, 1993, to the Prime Minister of Israel.

(2) The PLO letter of September 9, 1993, to the Foreign Minister of Norway.

(3) The Declaration of Principles on Interim Self-Government Arrangements signed in Washington, D.C. on September 13, 1993.

(4) The Agreement between Israel and the PLO signed in Cairo on May 4, 1994.

(5) The Joint Communiqué between Israel and the PLO issued at Blair House, in Washington, D.C., February 12, 1995

SEC. 7. REQUIREMENTS FOR THE TRANSFER OF FUNDS.

IN GENERAL.—Notwithstanding any other provision of law, none of the funds authorized or appropriated under this or any other Act shall be made available, directly or indirectly, to benefit Palestinians living under the administrative control of the PLO or the Palestinian Authority in Gaza, Jericho or any other area it may control, until the following requirements set forth in this section are fully met and certified to Congress by the President of the United States.

(1) SUBSTANTIAL, MATERIAL AND TIMELY COMPLIANCE.—That the PLO and the Palestinian Authority have made substantial, material and timely progress in meeting their legal obligations as set forth in the agreements between the PLO and Israel and as enumerated in section 6 of this Act. The President shall submit to the relevant congressional committees a quarterly report that—

(A) comprehensively evaluates the compliance record of the PLO according to each specific commitment set forth in its agreements with Israel;

(B) establishes, as appropriate, both objective and subjective measures to assess PLO compliance; and

(C) measures PLO compliance against each previous quarterly assessment and demonstrates significant and continual improvement each quarter.

(2) FINANCIAL ACCOUNTABILITY.—Sixty days following the enactment of this Act and every 180 days thereafter, the President of the United States shall submit to the relevant congressional committees a financial audit carried out by the General Accounting Office (GAO), which provides a full accounting of all United States assistance which benefits, directly or indirectly, the projects, programs or activities of the Palestinian Authority in Gaza, Jericho or any other area it may control, since September 13, 1993, including, but not limited to, the following)—

(A) the obligation and disbursal of all funds, by project, activity, and date, as well as by prime contractor, all subcontractors, and their countr(ies) of origin;

(B) the organization(s) or individual(s) responsible for the receipt and obligation of U.S. assistance;

(C) the amount of both private and international donor funds that benefit the PLO or

the Palestinian Authority in Gaza, Jericho or any other area it may control, and to which the United States may be a contributor; and

(D) the ultimate beneficiaries of the assistance.

(3) REPORT ON THE POSSIBLE MISUSE OF FUNDS.—Pursuant to section 7(a), the President shall also provide the relevant congressional committees with a comprehensive accounting of all United States and International donor funds, credits, guarantees, insurance, in-kind assistance and other resource transfers to the PLO, the Palestinian Authority or other associated entities under their control which the General Accounting Office believes may have been misused, diverted or illegally converted for purposes other than those originally intended by the donors and shall include a discussion of—

(A) the possible reasons for the diversion of resources and the likely use toward which they were put;

(B) the manner and mechanism(s) by which the resources were misdirected;

(C) the person(s) and institution likely responsible for the misdirection of the resources; and

(D) the efforts being made by the Palestinian Authority, the President and the international community to account for and recover the misdirected resources.

(4) PENALTIES AND DEDUCTIONS.—Not less than thirty (30) days following the issuance to Congress of the findings set forth in section 7(2) the President shall deduct one dollar from the amount of funds or other resources appropriated to benefit Palestinians living in areas controlled by the Palestinian Authority for each dollar which the General Accounting Office is able to demonstrate may have been diverted by Palestinians for purposes other than what they were originally intended.

(5) ACCOUNTABILITY FOR PAST TERRORISM.—The President shall certify to the relevant congressional committees that the Palestine Liberation Organization has taken substantial, material and timely steps to provide information to United States law enforcement agencies leading to the arrest and extradition to the United States for prosecution of individuals connected directly or indirectly with the Palestine Liberation Organization and alleged to have been responsible for terrorist attacks on Amer-

ican citizens or property since 1964 to include, but not be limited to, the kidnapping, or murders of—

(A) David Berger, in Munich, Germany, September, 1972;

(B) Cleo A. Noel, Jr., United States Ambassador to the Sudan, and G. Curtis Moore, U.S. Diplomat, in Khartoum, March 2, 1973;

(C) Gail Rubin, in Israel, March 11, 1978;

(D) Leon Klinghoffer on the cruise ship Achille Lauro, October 8, 1985; and

(E) Gail Klein, in Jerusalem, October 15, 1986.

(6) REPORT TO THE CONGRESS.—Pursuant to subsection (B) of this section, the President shall report to the relevant congressional committees, in both classified and unclassified form, no later than September 1, 1995, and every 180 days thereafter, on—

(A) the name, date, location, and circumstance of all Americans alleged to have been killed or injured, directly or indirectly, by members, agents, supporters or surrogates of the Palestine Liberation Organization from 1964 to the present;

(B) the name, date, precise location, and circumstance of all violent incidents against Israelis or others by any terrorist group, organization, entity or individual operating in Israel or the territories controlled by Israel or the PLO and to indicate—

(i) where the violent incident was planned, organized and launched;

(ii) how and through what means the violent incident was funded;

(iii) the source and type of any lethal equipment used in any violent incident; and

(iv) whether the United States has been able to independently confirm information provided by either Israel or the PLO regarding violent incidents reported under this subsection.

(C) the status of all warrants issued by United States law enforcement agencies, Interpol, or other international police authorities, for the arrest of members of the Palestine Liberation Organization, to include, but not be limited to, the name of the individual, the date and nature of the crime alleged to have been

committed, the statute under which prosecution is being sought, and the level and nature of the cooperation provided by the Palestine Liberation Organization in the apprehension, prosecution and conviction of this individual(s);

(D) the disposition of all past and current investigations into the criminal activities of the Palestine Liberation Organization as well as the warrants for the arrest of alleged members of the Palestine Liberation Organization that have been revoked or suspended by agencies or entities of the United States Government since 1964 and reason for the revocation or suspension; and

(E) the name of any individual who currently serves as an official or agent of the Palestine Liberation Organization or the Palestinian Authority who at any time has been subject to a United States or international arrest warrant or has been placed on a United States Government "watch list."

(7) MATTERS TO BE CONSIDERED.—In determining whether to make the certification required by subsection (4) of this section with respect to the PLO, the President shall also consider and report,

in both classified and unclassified form, to the relevant congressional committees the following:

(A) Have the actions of the PLO resulted in the maximum reductions in terrorism carried out by members or affiliates of the PLO? Has the PLO leadership publicly, in Arabic, English and Hebrew, and using all major print and electronic media outlets, strongly condemned acts of terrorism against Israel and the West when they occur?

(B) Has the PLO taken legal and law enforcement measures to enforce in areas under its administrative control, to the maximum extent possible, the elimination of terrorist acts and the suppression of criminal elements responsible for terrorism as evidenced by the seizure of illegal weapons, the closure of offices and training areas belonging to terrorist organizations and the arrest and prosecution of violators involved in the incitement, recruitment, training, planning, or conduct of terrorist operations affecting the United States, Israel or other countries?

(C) Has the PLO taken the legal and law enforcement steps necessary to eliminate, to the

maximum extent possible, the laundering of profits derived from smuggling, narcotics trafficking, illegal weapons transactions or other criminal activity as evidenced by the enactment and enforcement by the PLO of laws prohibiting such conduct?

(D) Has the PLO taken the legal and law enforcement steps necessary to eliminate, to the maximum extent possible, bribery and other forms of public corruption which facilitate the execution of terrorist acts or which discourage the investigation and prosecution of such acts, as evidenced by the enactment and enforcement of laws prohibiting such conduct?

(E) Has the PLO, as a matter of policy or practice, encouraged or facilitated the continued sponsorship of terrorist acts?

(F) Does any senior official of the PLO engage in, encourage, or facilitate the incitement, recruitment, training, planning, or conduct of terrorist operations affecting the United States, Israel or other states or condone other internationally recognized criminal activity?

(G) Has the PLO investigated aggressively all cases in which any citizen of the United

States or member of the United States Government has been the victim, since 1964, of acts or threats of violence, inflicted by or with the complicity of any agent of the PLO or any political subdivision or supporter thereof, and energetically sought to bring the perpetrators of such offense or offenses to justice?

(H) Having been requested to do so by the United States Government, does the PLO fail to provide reasonable cooperation to lawful activities of United States law enforcement agents, including the refusal of permission to such agents engaged in counterterrorism to pursue suspected terrorists or other criminal elements that may support terrorist activities into areas or facilities it controls?

(I) Has the PLO or its administrative authority in Gaza and Jericho adopted legal codes in order to enable law enforcement officials to move more effectively against terrorists, the supporters of terrorism and other related criminal elements, such as effective conspiracy laws and asset seizure laws?

(J) Has the PLO expeditiously processed United States, Israeli, or other countries' extra-

dition requests relating to terrorism, narcotics trafficking or other criminal offenses?

(K) Has the PLO refused to protect or given haven to any known terrorist, drug trafficker or other accused or convicted of a serious criminal offense, and has it expeditiously processed extradition requests relating to acts of terrorism or narcotics trafficking made by other countries?

(L) Has the PLO cooperated, both publicly and privately, with efforts undertaken by the President of the United States to end the Arab League boycott of Israel and if so, to what extent and to what practical effect?

(8) VICTIMS OF TERRORISM COMPENSATION.—Pursuant to section 5570 of Public Law 99–399 no funds shall be made available to benefit the PLO, the Palestinian Authority, or any person or entity under its control until the President certifies to the relevant congressional committees that full and fair compensation is provided by the Palestine Liberation Organization to United States victims of PLO terrorism after adjudication in a United States court of law.

(9) PREEMPTION OF TERRORISM.—The President shall make available to Israel, equipment for the state-of-the-art security examination of cargo containers and vehicles: *Provided,* That this equipment shall include automated, nonintrusive inspection technology, or technologies, for the direct detection and chemical elemental identification of contraband: *Provided further,* That some of this equipment may be in the form of technology in the advanced stages of development and suitable for field testing and evaluation: *Provided further,* That not less than $40,000,000 is authorized to be appropriated in fiscal year 1996 for the purposes set forth in this section from the funds made available by the United States to support the agreements between Israel and the PLO: *Provided further,* That the President shall negotiate the transfer of this technology no later than September 30, 1995, and prior to the obligation of not more than $50,000,000 in United States funds to benefit Palestinians living in Gaza, Jericho, or any additional territories which might be administered by the PLO: *Provided further,* That it is the purpose of this section to enable the United States to support efforts by both Israel and the PLO to meet their compliance obligations and—

(A) to assist them in combating terrorism;

(B) to assist them in combating narcotics smuggling and other contraband smuggling; and

(C) to assist them in ensuring proper manifesting and customs regulation compliance and revenue collection.

(10) REVIEW OF LEGISLATION.—Prior to the disbursement of any funds authorized under this or any other Act for the benefit of the PLO, the Palestinian Authority or any of its constituencies, activities or projects, the President shall carry out, and report to the relevant congressional committees, a thorough review of pertinent legislation affecting the status of the PLO to include, but not be limited to, title X of Public Law 100–204 and shall recommend to Congress modifications consistent with United States policy toward countering terrorism and promoting peace in the Middle East.

(11) PRESIDENTIAL DISCLOSURE.—No later than 60 days following the enactment of this Act, the President shall disclose in a classified manner to the relevant congressional committees, the substance of any secret agreements, understandings, or promises, either formal or informal, between the United

States and Israel, and the United States and the PLO, connected with the implementation of the Declaration of Principles, that—

(A) commits the United States to any course of action in its foreign, diplomatic or security policies;

(B) commits the United States to provide funds or other forms of assistance for particular projects or activities;

(C) provides assurances to particular individuals who may or may not be targets of a United States or international criminal investigation; and

(D) extends to particular individuals the promise of protection or safety should future circumstances warrant it.

(12) PROVISIONS THAT MAY BE SUSPENDED.—Subject to the requirements of section 7 and the prior approval of the Chairmen of the relevant committees of the Congress of the United States the President may suspend only the following provisions of law for a period not to extend beyond May 31, 1996:

(A) Section 307 of the Foreign Assistance Act of 1961 (22 U.S.C. 2227) as it applies with

respect to the Palestine Liberation Organization or entities associated with it.

(B) Section 114 of the Department of State Authorization Act, fiscal years 1984 and 1985 (22 U.S.C. 287e note) as it applies with respect to the Palestine Liberation Organization or entities associated with it.

(C) Section 1003 of the Foreign Relations Authorization Act, fiscal years 1988 and 1989 (22 U.S.C. 5202).

(D) Section 37 of the Bretton Woods Agreement Act (22 U.S.C. 286w) as it applies to the granting to the Palestine Liberation Organization of observer status or other official status at any meeting sponsored by or associated with the International Monetary Fund. As used in this paragraph, the term "other official status" does not include membership in the International Monetary Fund.

SEC. 8. FINANCIAL DISCLOSURE.

(a) Within thirty (30) days of the enactment of this Act, the President shall request that both the Palestine Liberation Organization and the Palestinian Authority provide to the United States, comprehensive financial statements of their assets and income for the prior year:

Provided, That in addition to these statements, the President shall certify to the Congress that—

(1) the United States Government has no knowledge or information as to other further assets or income of the Palestine Liberation Organization or Palestinian Authority; and

(2) the Palestine Liberation Organization and Palestinian Authority are spending and investing substantially all of their respective assets and income for the welfare and benefit of the Palestinian people in the areas administered by the Palestinian Authority and for purposes related exclusively to the duties and functions of the Palestinian Authority as authorized under agreements between Israel and the PLO.

(b) No funds shall be obligated or expended for the benefit of the Palestinian people in areas administered by the Palestinian Authority until the President has delivered to the relevant congressional committees the information required in section 8(a).

(c) The President shall report to the relevant congressional committees, in both classified and unclassified form, no later than September 1, 1995, and every 180 days thereafter, on all assistance provided by the international community to the PLO and the Palestinian Authority, or

any affiliated organization or entity, both directly and indirectly, to include—

(1) the amount of such assistance, by project, and whether the assistance is provided in cash or in kind;

(2) the organization or entity through which the international assistance is disbursed;

(3) the use(s), by project, to which the international assistance is being put; and

(4) the ultimate beneficiaries of the assistance.

SEC. 9. PROHIBITION ON FORMAL DIPLOMATIC REPRESENTATION.

Notwithstanding any other provision of law, the President of the United States shall make no commitments and shall provide no funds for the obligation or expenditure, for any activity leading to the establishment, on either a temporary or permanent basis, of any United States diplomatic post, to include an embassy, consulate or interest section in any territory under the administrative control of the PLO or the Palestinian Authority.

SEC. 10. RELEVANT CONGRESSIONAL COMMITTEES DEFINED.

As used in this Act, the term "relevant congressional committees" means—

(1) the Committee on International Relations, the Committee on Banking and Financial Services, and the Committee on Appropriations of the House of Representatives; and

(2) the Committee on Foreign Relations, the Committee on Appropriations, and the Committee on Banking, Housing, and Urban Affairs of the Senate.

SEC. 11. TERM OF THIS ACT.

This Act shall become effective upon the day of enactment and expire no earlier than May 31, 1996, unless amended.

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IDF Judge Advocate-General Headquarters
Assistant to the Judge Advocate-General for International Law

13 December 1994

Subject: Concatenation of Palestinian Violations

1. The following is a concatenation of Palestinian violations and deviations [from signed agreements], based on documents made available to us from the Office of the Coordinator of Government Activities in the Territories, the Coordination and Control Administration Office in the Territories, and the IDF Intelligence Branch, as well as facts and figures taken out of documents regularly received by us.

Alongside every violation or deviation appears a short legal analysis which notes the relevant directives in the Gaza-Jericho Agreement (henceforth 'the agreement') in relation to which the violation or deviation occurred.

2. It should be noted that this list does not pretend to include every violation committed by the Palestinian Authority (PA) or its personnel. Violations which appeared to be particularly esoteric were not included; similarly, we did not include violations which occurred in very specific circumstances—mostly, those which occurred in the months May-June, when the transfer of authority took place and before the other party had even an initial opportunity to organize itself (the violations we are speaking of here mainly involved irregular behaviour on the part of Palestinian policemen).

In addition, we did not receive information on economic violations from the Ministry of Finance, and the details on violations in this sphere included in this document are based on the figures of the Office of the Coordinator of Government Activities in the Territories. Similarly, we did not receive a list of violations in the sphere of foreign affairs from the Foreign Ministry, and the details on violations in this field are mainly based on IDF Intelligence documents and on regular reports and correspondences on the subject maintained by our office in the course of our work. We

presume that in these fields there are additional violations and deviations from the agreement which we do not know of.

Security Related Violations

3. Details on these violations is mainly based on a concatenation of violations prepared by the Coordination and Control Administration Office in the Territories and on material included in his letter (attached is his letter and material included in it) in addition to the IDF Intelligence Branch report. Subjects which were raised in the framework of the [Joint Israeli-Palestinian] Legal Committee were also included.

4. Requests for the transfer of suspects have elicited no answer from the PA—two requests for the transfer of the following suspects were submitted to the PA: the killers of Uri Megidish (first requested on 29 September 1994) and the killers of Gil Revah and Shlomo Kappah in Ramle (first requested on 28 August 1994). These requests have yet to be answered. In addition, a non-formal verbal request was made for the transfer of suspects involved in the an attack on an Israeli in Kfar Yama.

Legal Analysis—Article II (7) of Annex III to the agreement establishes that Israel is entitled to request that the PA arrest and transfer to its authority a person suspected of committing a crime falling under Israeli jurisdiction, as long as the crime carries a penalty of at least seven years' imprisonment and as long as the arrest warrant accompanying the request for transfer was issued on the basis of the Attorney-General's recommendation. According to sub-clause (f), a party receiving such a request must arrest the suspect and transfer him to the custody of the requesting party.

5. The Handling of Terror Acts Perpetrated Against Israel and Israelis—the question of whether the PA is living up to its commitments to take action to prevent terror acts against the State of Israel is a question of judgement and requires the taking of a political stand as to what the PA is expected to do in this matter.

With respect to the investigation of terror acts, once again it is a question of judgement as to what extent the investigations that have been carried out were handled in a serious manner.

A separate question relates to reporting on investigations that are under way. The PA has not reported [to Israel] on investigations [it has carried out]. A formal request to receive updates on the status of investigations in the matters of four incidents in which Israelis were killed and injured in the Gaza Strip was submitted to the PA in the framework of a meeting of the Legal Committee on 27 November 1994.

Legal Analysis—Article XVIII of the agreement establishes that both sides shall take all measures necessary in order to prevent acts of terrorism, crime and hostilities directed against each other, and shall take legal measures

against offenders. It especially stresses that the PA shall act to prevent hostile acts directed against the Settlements.

Article I (5) of Annex III establishes that with respect to crimes committed within the territory of the Palestinian Authority, the PA shall take measures to investigate and prosecute suspects, and shall report to Israel on the result of the investigation and any legal proceedings.

6. Non-compliance With the Commitment to Prevent Acts of Incitement Against Israel—there have been many incidents of wild incitement against Israel in which the PA has not taken action in order to intervene and prevent their occurrence.

Legal Analysis—Article XII of the agreement establishes that Israel and the PA shall prevent acts of hostile propaganda against each other and shall take legal measures to prevent such incitement by any organizations, groups or individuals within their jurisdiction.

7. Submission of Lists of Policemen—the PA has yet to submit to Israel the list of the names of policemen who were recruited from amongst the residents of the Gaza Strip and Jericho.

Legal Analysis—Article III (4) (b) of Annex I states that the list of Palestinians recruited to the Palestinian Police, whether locally or from abroad, shall be agreed on by both sides.

8. Arrests of Israeli Citizens—there have been reports of a number of incidents in which Israelis have been arrested by the Palestinian Police. A list of 13 such incidents was submitted to the PA in the Joint Legal Committee meeting of 27 November 1994.

Legal Analysis—Article VIII (4) (b) of Annex I establishes that Israelis shall not be arrested by Palestinian policemen under any circumstances. The Palestinian Police may only stop an Israeli suspected of committing a crime and detain him in place until an Israeli official or joint patrol arrives on the scene. A similar directive appears in Article II of Annex III.

9. Delays of Israeli-licensed Vehicles in the Territory of the Palestinian Authority—no details on concrete incidents have been given to us (IDF Intelligence Branch reports contain a number of examples, including cases in which vehicles were flying Israeli flags and ordered to remove them).

Legal Analysis—Article VIII (4) (a) of Annex I establishes that Israeli-licensed vehicles traveling in the territory of the PA may be stopped by the Palestinian Police for the inspection of licences and identifying documents. The Palestinian Police may not delay an Israeli vehicle for any other reason. Article II (2) (d) of Annex III establishes that the PA may take steps to detain an Israeli-licensed vehicle if it was involved in the perpetration of a crime of if it poses an immediate danger to public health or security. In such cases the PA must immediately inform Israel of the incident.

10. Delays of Israeli Security Forces at Checkposts—the frequency of this phenomenon, according to Coordination and Control Administration Office in the Territories, has been decreasing.

Legal Analysis—Article VIII (6) of Annex I establishes that the Palestinian Police may not under any circumstances ,stop or detain uniformed members of the Israeli military forces, as well as vehicles belonging to the Israeli military forces. Article II (4) of the agreement includes in its definition of "Israeli military forces" the Israel Police as well as other Israeli security forces.

11. Movement of Palestinian Police through 'Blue Areas'—there have been incidents in which Palestinian Police have traveled within the boundaries of the Settlements, without prior coordination with Israel. According to figures provided by the Coordination and Control Administration Office in the Territories, there is a decreasing trend in the frequency of this violation. (According to an IDF Intelligence Branch report, there was an attempt by Palestinian Policemen to make contact with collaborators in Kfar Denia)

Legal Analysis—Article V of the agreement establishes that the territorial jurisdiction of the Palestinian Authority does not extend to Israeli Settlements and Israeli military installations. Article III (1) (a) of Annex I establishes that the Palestinian Police is responsible for public order and internal security only in those territories given over to the territorial jurisdiction of the Palestinian Authority and must act accordingly. From other directives appearing in the agreement it can clearly be understood that Palestinian Police on duty may not enter Israeli Settlements of Military installations.

12. Independent Palestinian Police Activity on the Lateral Roads—the Palestinian Police has executed independent activities on the Lateral Road, outside of the framework of the Joint Patrols. Again, this violation occurred frequently mainly in the initial period after the transfer of authority, but it does still occur.

Legal Analysis—Article IV (7) of Annex I establishes that the Lateral Roads shall be under the responsibility of Israel, which is entitled to execute independent activities on them, alongside Joint Patrols led by an Israeli vehicle. Accordingly, independent Palestinian activities are prohibited on these roads.

13. Palestinian Police in Camouflaged Fatigues—members of the Palestinian Police have been seen in movement while dressed in camouflaged fatigues sewn in the West Bank.

Legal Analysis—Article III (5) (b) (5) of Annex I establishes that the Palestinian Police shall posses distinctive uniforms. According to what we have been told, in the framework of the Joint Security Committee discussions, it was agreed that Palestinian Police shall wear only uniforms of

particular colours and it was also established, in any event, that their movement in camouflaged fatigues shall be prohibited.

14. Movement of Members of the Palestinian Police Without Permits—there have been incidents in which members of the Palestinian Police have traveled from Jericho to the Gaza Strip (via Israel and the West Bank) without permits.

Legal Analysis—Article III (1) (b) of Annex I establishes that the movement of Palestinian Police between Jericho and the Gaza Strip will be conducted in accordance with Article IX of the same Annex. Article IX (2) establishes that a travel permit or permit for entry into Israeli is required as a condition for use of the safe passage roads [between Jericho and the Gaza Strip]. Currently, the arrangements for safe passage have not yet been put in force, and therefore the usual rules requiring an entry permit to Israel (not a travel permit from one zone to another) apply.

As to movement in the West Bank, residents of Jericho may freely move within the West Bank (subject to the laws in force in the West Bank, such as the requirement to carry identifying documents), but Palestinian police may not operate in the West Bank, and therefore Palestinian Police in uniform may not travel there.

15. Palestinian Police Driving Stolen Vehicles—members of the Palestinian Police have been spotted driving stolen vehicles.

Legal Analysis—Such activity by the Palestinian Police stands in contradiction to the spirit of the agreement and the very idea behind the creation of the Palestinian Police Force. In particular, the following articles may be noted: Article XII (2) of the agreement establishes that Israel and the PA will cooperate in combating criminal activities, including offenses related to vehicles; Article III (2) of Annex I establishes that, amongst the tasks of the Palestinian Police, are the prevention of crime; and Article II (1) of Annex III establishes that the Palestinian Police and the Israeli Police will cooperate and assist one another in criminal matters.

16. Use of Weapons Belonging to the Palestinian Police In the Course of a Terrorist Attack in Jerusalem—in the course of a terrorist attack in Jerusalem on 9 October 1994, use was made of a Kalashnikov rifle belonging to the Palestinian Police, which entered the country through the Allenby Bridge for use by the Palestinian Police. The issue was first brought up with the Palestinians on 11 October 1994.

Legal Analysis—Article IX of the agreement establishes that the provisions regarding the structure of the Palestinian Police, including its weaponry, is set out in detail in Annex I. Indeed, Annex I, in Article III (5) establishes in detail the types and numbers of weapons which are permitted to be used by the Palestinian Police. It is clear that weapons which have been permitted to enter the territory under this article are to be used only by the police and any other use is a violation of the agreement. Despite this, it must

be noted that the burden is on us to prove that the police weapon was knowingly delivered to the terrorists. If all that is involved here is negligence it will be difficult for us to press claims against them (see the issue of weapons stolen from the IDF mentioned in paragraph 6 above). In such cases all that can be done is to request that they investigate what occurred.

Other relevant directives appear in Article IX (3) of the agreement and Article VIII (3) of Annex I which establishes that private individuals are prohibited from bearing arms and that each side is charged with enforcing this prohibition.

17. Subpeoning of Witnesses for Testimony in Court—the PA was sent a letter on 28 September 1994, in which it was requested to prepare subpoenas for witnesses residing in Gaza whose testimony is required in legal proceedings in the Military Court in Erez and the Military Court of the IDF Southern Command. The requests were not responded to.

Legal Analysis—Article II (9) of Annex III establishes that when a subpoena calling a witness to testify has been issued by an Israeli court relating to a person located in the territories of the PA, such person shall be located by the PA, which will be responsible for seeing that the subpoena be enforced by the Palestinian Police.

18. Released Prisoners in the Jericho Area and Gaza Who Leave For the West Bank—a number of prisoners who were released on condition that they remain in the Jericho Area, as well as prisoners transferred to prison in Gaza, have been caught moving about the West Bank, without a permit to do so. Among those transferred to the Gaza Strip were a number of prisoners who received a pardon from the Palestinian Chairman. One of the prisoners even claimed that he was recruited into the ranks of the Palestinian Intelligence services and was even armed by them.

Legal Analysis—Article XX (1) of the agreement establishes that prisoners turned over to the PA in the framework of the confidence building measures shall be obliged to remain in the Gaza Strip or the Jericho Area for the remainder of their sentence. Therefore, the granting of legitimacy to the passage of such released prisoners to the West Bank (or even pretending ignorance in the matter) on the part of the PA stands in contravention to the agreement.

The recruitment of a former prisoner to the Palestinian Intelligence service stands in contravention to the directives of Article III (4) (b) of Annex I, according to which the list of Palestinians recruited shall be agreed on by both sides and the employment of those who have been convicted of serious crimes will be immediately terminated.

19. Non-compliance With the Requirement to Prevent Infiltrations into Israel and Egypt—there is a definite phenomenon of infiltrators crossing the border between Egypt and Gaza and similarly of infiltrators from Gaza to Israel.

Legal Analysis—In all aspects relating to infiltrations into Israel through the Green Line, Article IV (2) (c) of Annex I establishes that the Palestinian Police will enforce measures aimed at preventing infiltrations.

As for infiltrations to Egypt, the PA is generally committed to preventing criminal acts.

20. Deviations from the Agreement Regarding Maritime Activity—there have been cases in which Palestinian ships have deviated from the zones set aside for their navigation rights (Zones K and M), with the Palestinian Coastal Police taking no action to prevent such activity. In addition, there have been incidents in which the Palestinian Police have themselves deviated from the navigation range permitted them in Zone L.

Legal Analysis—Article XI (1) of Annex I establishes the extent of Maritime Activity Zones and determines that in Zones K and M navigation will be restricted solely to activity of the Israel Navy (Clause (a) (1) (c)) and that the navigation of vessels in Zone L shall be subject to various restrictions (Clause (2) (b) (1)).

Article XI (2) of the Annex establishes that the Palestinian Coastal Police may function in Zone L up to a distance of 6 nautical miles from the coast. In special cases, it may also exercise control in an additional area up to the limit of 12 nautical miles from the coastline.

21. Weapons in the Possession of Civilians—this issue was raised in the report of the Coordination and Control Administration Office in the Territories. From various reports we have learned that the PA is not taking action to disarm Palestinian civilians, even when such civilians walk around with their weapons on them in a non-concealed manner.

Recently it has been made known to us that the PA has issued licences permitting residents to bear arms, but, it appears, this licensing was not coordinated with Israel.

Legal Analysis—Article VIII (8) of Annex I establishes that each side shall enforce upon civilians subject to it authority a prohibition on possession or carrying weapons without a licence. Clause (3) of Article VIII (8) permits the PA to grant licences for the possession of pistols for civilian use, but restricts such licences only to those which will be agreed upon in the Joinst Security Committee.

22. Abuse of Collaborators—this subject was raised in the report of the Coordination and Control Administration Office in the Territories. From various reports it transpires that the PA has been arresting individuals suspected of collaboration and interrogating them, and there were even cases in which they were brutalized.

Legal Analysis—Article XX (4) of the agreement establishes that the Palestinian side commits itself to solving the problem of those Palestinians who were in contact with the Israeli authorities. Until an agreed solution is found, the Palestinian side undertakes not to prosecute these Palestinians or

to harm them in any way. Arbitrary arrests and demeaning and painful interrogations are in contravention to the commitment not to harm collaborators.

23. From the IDF Intelligence Branch report a number of additional issues relating to security violations are mentioned, as briefly reviewed here:

a. Incidents in which Palestinian Police aimed their weapons at Israelis, cocked their rifles and at times even shot in their direction. Legal Analysis—The Palestinian Police have no authority to arrest Israelis, as explained above, and therefore they have no authority to take measures aimed at capturing suspects. In addition, Article VIII (9) (c) of Annex I establishes that the use of firearms is permitted only in incidents constituting a danger to life or property and then only as a last resort after all attempts at controlling the act or the incident in other ways have failed.

b. Incidents in which vehicles belonging to the Palestinian Police have broken through IDF checkpoints in the Jericho Area. Legal Analysis—According to the agreement the PA has no authority to act outside the boundaries of Gaza and Jericho, and therefore Palestinian Police are not permitted to enter the West Bank in uniform or in official police vehicles. Within the West Bank, the IDF has full security authority, including the authority to establish roadblocks and stop vehicles, and members of the Palestinian Police must comply with the soldiers' directives in the same manner as any other persons in the area.

c. An incident in which a vehicle belonging to the Palestinian Police traveled from Jericho to Auja without an accompaniment.

Legal Analysis—Article V (1) of Annex I clarifies that Route 90, which crosses Auja, is under Israeli authority. This is also applicable with respect to that [part of] road leading from the Jericho Area to Auja. Therefore, the Palestinian Police has no authority whatsoever to travel along this road.

General Violations

24. The details mentioned here are based on the report of the Coordination and Control Administration Office in the Territories, on reports issued by the IDF Intelligence Branch and also on documents which have arrived at our office, dealing with various topics.

25. Activities of PA Agents in the West Bank (in Matters Which Have Not Yet Been Transferred to the Authority of the PA)—there are numerous examples of such violations, in the civilian sphere as well as the security sphere.

These activities are particularly prominent in the sphere of local authority. The person in charge of local authorities for the PA, Saeb Areikat, directly operates in the West Bank, for example by changing the status of local councils, issuing orders to the heads of local councils, calling on residents of the West Bank to approach the offices of the PA for various services, etc.

An additional sphere in which there is continuous and prominent activity is the operation of agents of the Palestinian Preventive Security Apparatus, headed by Jibril Rajoub, who move about the West Bank and issue direct orders to people there.

In addition, there have been incidents in other spheres in which authority has been extended [by the PA] to the West Bank, such as the issuing of licences to businesses operating there. It is also known that in a number of incidents offices of the PA have been opened in the West Bank, such as branches of the Palestinian Central Bureau of Statistics, the Ministry of Information in Ramallah, etc.

Beyond the above mentioned, there are activities which are less active and are expressed by the demonstrative presence of PA officials in the West Bank, such as in tours, working meetings, lectures and attendance at ceremonies.

Legal Analysis—Article V of the agreement limits the authority of the PA to the boundaries of Gaza and Jericho, and neither the PA nor its officials have authority to act outside these boundaries.

The Agreement on The Preparatory Transfer of Authority in the West Bank (henceforth—the West Bank Agreement) establishes in a detailed manner the authorities transferred to the PA in each relevant sphere and also establishes that the Military Administration and the Civilian Administration will continue to implement their authorities in spheres which have not been transferred (Article VI (5)).

26. Activities of the PA in Jerusalem or in Connection to Jerusalem—this issue requires additional inspection with the Foreign Ministry given the lack of clarification with regard to various agreements in this subject.

Legal Analysis—As stated above, the PA may not extend its authority outside the areas given over to its responsibility. In the matter of Jerusalem, it was specifically established in the Declaration of Principles and the West Bank Agreement that the PA has no authority with respect to Jerusalem (see above).

27. Ignoring Laws and Regulations from the Period of Israeli Rule—the newspaper 'Al-Kuds' published an announcement according to which [legal officials] are to ignore all laws passed since 5 June 1967. The announcement was worded in such a way that it can be understood to apply to the West Bank as well. In practice, since the announcement there have been a number of public expressions [by Palestinians] which indicate that the officials of the PA are ignoring security legislation.

Legal Analysis—Article VII (9) of the agreement establishes that legislation that was in force in Gaza and Jericho on the date of the signing of the agreement will remain in force until such time as it is changed or amended in accordance with the agreement, that is, after such changes have been approved by the Joint Legislative Subcommittee.

28. Legislation Passed Without Being Submitted for Approval—from various reports it transpires that the PA has been issuing new laws, in various spheres, which have not been submitted for approval by the Joint Legislative Subcommittee. The Palestinians claim that they have only issued drafts of laws and have not yet publicized final legislative decisions, but from a report issued by the Advisor for Arab Affairs in the West Bank it transpires that recently the first volume of the Official Gazette of the PA has been published, including within it legislation and organizational directives issued by the Chairman of the PA. In addition, it is known to us that, in various spheres, the Palestinians are operating according to laws which are different from the laws which were in force on the eve of the transfer of authority. It follows that one of the following two possibilities is true—either new legislation has been issued without having been submitted for approval by the Legislative Subcommittee, or there is a willful ignorance of the existing legislation, as stated in Paragraph 27 above. For example, a district court has been established in the Jericho Area, and the Jericho court is formally subordinate to the Supreme Court in Gaza. Such [an administrative] act requires an amendment in [the existing] legislation.

Legal Analysis—Article VII of the agreement establishes that the PA will submit its own primary and secondary legislation to a Joint Legal Subcommittee as a condition for the legislation's coming into force.

29. Changes in the Composition of the PA Without an Exchange of Letters—it known that there have been a number of changes in the composition of the PA which have not been formally announced to Israel. For example, the appointment of Hassan Tahboub as responsible for the Office of Religious Affairs and the termination of the appointment of Faisal Husseini (as per his testimony).

Legal Analysis—Article IV (3) of the agreement establishes that changes in the composition of the PA will be effected via the exchange of letters between the PA and the government of Israel.

30. The Issuance of Documents by the PA Bearing the Title "The Palestinian National Authority"—the PA has been using the title "The Palestinian National Authority" on various occasions, in formal letters, forms, etc. From reports issued by the IDF Intelligence Branch it transpires that the use of such a title has been used even in an international agreement signed by the PLO (with UNESCO), and that, in addition, the (non-official) Arabic version of the same agreement bore the words 'State of Palestine'.

With regard to Jerusalem, it was explicitly stated in the Declaration of Principles, in a comment on the transfer of authority in Article VI, that the PA has no authority with respect to the affairs of Jerusalem. A directive in this spirit appears in Article III (2) of the West Bank Agreement.

Religious affairs on the West Bank have not yet been transferred to the PA and therefore its representatives have no authority, as such, in this sphere in the West Bank. There is, however, some difficulty [in determining this] when the actions are taken by a body 'wearing two hats'—as part of the PA and as the Supreme Islamic Council.

34. The Printing of Passports Differing from What Was Agreed Upon—the PA has ordered from a German printing house the printing of passports whose format differs from what was agreed upon in the agreement, including special passports for VIPs and service passports.

Legal Analysis—Article II (b) (27) (f) of Annex II to the agreement permits the printing of Palestinian passports, whose format is established in detail in section C of the annex. Deviations from the agreed format and the preparation of special passports are violations. It should be noted that the issuance of service passports can be seen as the execution of powers in the sphere of foreign affairs, in contravention to the directives of Article VI (2) (a) of the agreement which establishes that the PA shall not have powers in the sphere of foreign relations.

35. The Forging of Documents for the Purpose of Entering into Israel—there is a wide phenomenon of forging documents (such as labour court subpoenas, medical and hospital documents) for the purpose of entering into Israel, as well as the forging of driver licences, insurance papers etc. The PA is not combating this phenomenon of forgeries. In addition, there are incidents in which employees of the PA are themselves involved in the forging of documents (for example, there is an incident in which the names of students which appeared on lists approved for entry into Israel were changed).

Legal Analysis—There is no specific directive in the agreement with regard to forgeries, but it is clear that a criminal act is involved in the act of forgery, and there are clauses requiring the PA to assist Israel in combating crime (such as Article XII (2) of the agreement) as detailed above.

When the forgeries are committed by the PA there is a lack of good faith in the implementation of the agreement and such forgeries are in contravention of the spirit and goals of the agreement, which are aimed at building trust and confidence between the two sides (see, for example, the preamble to the agreement and Articles XII and XX).

36. Lack of Supervision and Enforcement With Regard to Illegal Construction—within the boundaries of the PA buildings are being constructed in contravention to the building and construction codes established by the agreement.

Legal Analysis—In the Declaration of Principles, in Annex II, it was established that a 'Palestinian Authority' shall be established in Gaza and Jericho. The PA was established under Article III of the agreement, bearing that [exact] title [i.e. 'Palestinian Authority']. There is no basis for the use of the title 'Palestinian National Authority' and such use is a form of violation of the agreement. The use of the title 'State of Palestine' stands in contradiction to the Declaration of Principles (see Article I of the DOP). From agreements which have been signed in the wake of the DOP it is clear that the [Palestinian] entity which has been established is not a state but a self-ruling authority for the interim period, and that the use of terms such as "Palestine" instead of 'the Palestinian Self-Rule' or 'the Palestinian Authority' is prohibited.

31. An Attempt to Establish a Municipal Guard in Nablus—the PA has attempted to establish a Municipal Guard in Nablus, after members of the Guard underwent a training course in Jericho under the auspices of the Palestinian Police. The establishment of such a guard was not coordinated with the Civilian Administration on the West Bank and there was no coordination with our office.

Legal Analysis—As detailed above, the PA has no authorities whatsoever in the security sphere in the West Bank. In addition, no authorities in the municipal sphere have been transferred to the PA, so that there is not even an ostensible basis for the establishment of such a Guard by the PA. The establishment of a Guard in Nablus also constitutes in and of itself a violation of the laws of the West Bank.

Violations in the Civilian Sphere

32. Details on the violations mentioned in this section are mainly based on a concatenation [of such violations] prepared by the Coordinator of Government Activities in the Territories.

33. Responsibility for Wakf (Islamic Religious) Affairs in Jerusalem and the West Bank—the person responsible for the Office of Religious Affairs in the PA announced, in the capacity of his title as Chairman of the Supreme Islamic Council, that his office is now responsible for the holy sites of Jerusalem. In addition, the same person (who designates himself as "the Minister of Religious Affairs) has taken upon himself responsibility with regard to the Wakf (Islamic Religious System) in the West Bank (following the Jordanian announcement that it no longer has any connection to the Wakf) and the Wakf in Jerusalem (in parallel to the Jordanian claims [on the Jerusalem Wakf]).

Legal Analysis—Article V of the agreement limits the jurisdiction of the PA to the boundaries of Gaza and Jericho and neither the PA nor its officials have any authority to operate outside these boundaries.

Legal Analysis—Article VI of Annex I establishes the various limitations on planning and construction in the vicinity of the Green Line and Lateral Roads. The absence of enforcement by the PA and the resultant deviations from this article are violations of the agreement.

37. The Construction of a Temporary Port in Gaza Without Coordination—the PA has begun constructing a harbour which is to serve as a temporary port, without coordinating the matter [with Israel] and without submitting appropriate plans for discussion in the Joint Construction and Building Committee.

Legal Analysis—Article XI (4) of Annex I establishes that the construction of a port in Gaza will be agreed upon in negotiations between the two sides, and from this it is clear that the PA is prohibited from constructing one independently. In addition, the PA has not submitted to Israel a copy of the construction plans for the port, in contravention to the directives of Article II (b) (32) of Annex II, which deals with building and construction.

38. The Distribution of Stamps In Contravention to the Agreement—the PA has distributed stamps in Gaza which contain nationalistic symbols, including the words "Palestine" and with a price listed in "mils"[1].

Legal Analysis—Article II (b) 26 (b) of Annex II establishes directives with respect to the appearance and format of Palestinian stamps. According to the article, the word "Palestine" will not appear on the stamp, only "Palestinian Authority", and nationalistic symbols are not to appear. In addition, the price listed on the stamps must be in the legal tender of the territory. The 'mil' is not legal tender, according to Article IV (10) of Annex IV.

39. Lack of Submission of Land Registry Records to the Relevant Israeli Authorities—the PA has not submitted to the relevant Israeli authorities the original Land Registry Records which relate to land within Israeli Settlements and Military Installations. It should be noted that a request for the return of these records was turned down by the PA, which claimed that, among other reasons, it was not required to return these records under the agreement.

Legal Analysis—Article II (B) (22) of Annex II establishes that the PA will receive authority over land registration, except for the land registration in Israeli Settlements and Military Installations. Article II (A) (2) establishes that all records and documents necessary for the functioning of the PA be turned over to it. Parts of the land registry documentation touching upon lands which remained in Israel's jurisdiction were not supposed to have been transferred to the PA, but given that they were transferred, for technical reasons, the refusal of the PA to return them indicates a lack of good faith in

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[1] Translator's note: 'mil' is a currency formerly in use in British Mandate Palestine

the implementation of the agreement, even though there is no violation of an explicit directive in the agreement.

40. Non-payment of Water Supply Costs to the 'Mekorot' Corp.—water supply costs have not yet been paid to Mekorot.

Legal Analysis—Article II (B) (31) (e) of Annex II establishes that the PA shall pay Mekorot for the cost of the water supplied from Israel and for the real expenses incurred in supplying water to the Palestinian Authority. Non-payment of these expenses is a violation of this article.

41. Exporting of Defective Agricultural Products from Gaza to Israel—the PA has not executed proper veterinary supervision over agricultural products exported from Gaza to Israel and as a result rotten eggs, vegetables which had been irrigated with sewage water, etc., have been exported.

Legal Analysis—Article VIII (2) to Annex VI establishes that the veterinary and plant protection services of each side will be responsible for controlling animal health, animal products and plants and parts thereof, in their respective jurisdictions. Article VIII (3) establishes that these official services will take all measures to reach equivalent and compatible standards between Israel and the Territories and will make arrangements to prevent the spread of plant and animal pests and diseases. In the veterinary sphere there are additional directives limiting the passage from the PA to Israel of deliveries of animals and their products (including eggs) without permits which assert that they meet necessary veterinary standards.

42. Counterfeit Israeli Products in Gaza—soaps and deodorants [falsely] bearing the label "Neka 7", which were produced in Gaza, have been uncovered.

Legal Analysis—Article IX (4) of Annex IV, dealing with industrial matters, establishes that the two sides will cooperate in preventing 'deceptive practices'. Article IX (3) establishes that each side will do its best to avoid damage to the industry of the other side.

43. A Palestinian Fund for Road Accident Victims Compensation Has Not Yet Been Established—

Legal Analysis—Article XI (2) (a) of Annex IV establishes that the PA will establish such a fund for the compensation of road accident victims who are not covered by insurance for bodily injury.

44. The Issuance of International Driver Licences—the PA has issued international driver licences in contravention to the agreement which states that such licences may only be issued by the Israel Automobile Association. In addition, the licence bears the title 'Palestine'.

Legal Analysis—The Israel Transport Ministry's position is that the issuance of international licences is an act which falls under the sphere of international relations and therefore the PA is prohibited from doing so

under Article VI (2) (a) of the agreement which establishes that the PA will not have any powers in foreign relations.

As for the use of the title 'Palestine'—see above Paragraph 41.

45. Issuance of New Automobile Licence Plates—the PA has issued new automobile licence plates without updating the Israeli Transport Ministry.

Legal Analysis—At the conclusion of discussions held by the Subcommittee on Transport the form and appearance of automobile licence plates for vehicles in the PA was agreed upon and it was established that if the PA wants to add an additional type of licence plate the matter must be coordinated in the framework of the Subcommittee.

Violations in the Sphere of Foreign Relations

46. The details on these violations are based on a report prepared by the IDF Intelligence Branch.

47. The appointment of Zuhadi Al Kidra as the PA representative in Egypt, in addition to his title as PLO representative there.

Legal Analysis—Article VI (2) (a) of the agreement establishes that the PA will not have any powers and responsibilities in the sphere of foreign relations. Exceptions to this refer solely to [activities permitted to] the PLO, as opposed to the PA.

48. Morocco has opened a 'liaison office' in Gaza. Its representative submitted a 'letter of credentials' to Arafat .

Legal Analysis—Article VI (2) (c) of the agreement establishes that a representative office of a foreign nation may be opened in the territory of the PA, for the purpose of implementing agreements which the PLO has signed in the name of the PA with that nation, in accordance with clause (b) of the Article VI (2). In this case, there is no such agreement which the above mentioned office is to implement. Therefore, its existence is a form of violation.

49. The PLO Representative in Moscow signed a protocol on security cooperation with Russia, in the name of the PA. According to the protocol the Russian Defence Ministry is to provide security training to teams of Palestinians.

Legal Analysis—Article VI (2) (b) of the agreement establishes various categories of types of international agreements which the PLO is permitted to sign for the PA. Security cooperation agreements are not listed in this clause [as being permissible].

50. 'Palestine' has joined the International Airport Council. It appears that this refers to the PA joining the council.

Legal Analysis—As stated, the PA has no powers in the sphere of foreign relations. As for the PLO, joining [an international body] is not one of the foreign relations tasks that it is entitled to implement for the PA.

In addition, from Article XII of Annex I, which deals with airspace issues, it is clear that there was no intention of permitting the PA to join the ICAO (International Civilian Aviation Organization), since all activity involving the ICAO must handled by either Israel or another member state. (See clauses 5 and 10 of Article XII). We can conclude from this that the PA has no authority to join any other international aviation organization.

Conclusion

51. The detailed listing of violations brought forward in this document is, one the one hand, not meant to be exhaustive of all violations committed by the PA, whether knowingly or not, and on the other hand is not limited solely to substantial and fundamental violations which justify their being discussed at the highest levels.

The goal of this document is to present in a concentrated manner all the fundamental violations which have occurred since the agreement went into effect, except for those violations which had been stopped or corrected by the time of the writing of this document. This document can form the basis for other documents on the subject of violations, in various categories and in greater or lesser generality, depending on the subject matter and the needs of the documents' composers.

52. It should be noted that if there are those who would want to use this document as the basis for discussions with the Palestinians, we would recommend that the Israeli side be backed up with detailed documents which include figures and examples of violations, in order to be prepared to answer Palestinian charges that these are empty claims, and in order to prevent them from 'returning the ball to our court'.

53. As for the continued handling of violations in the future, it appears that there is a need for the formation of a body that can monitor all the violations on a continual basis, as well as a need to decide who will be empowered to decide how to deal with the violations.

David Yahav, Col.
Assistant to the Judge Advocate General
for International Law

For Immediate Release

THE PALESTINIAN NATIONAL AUTHORITY - MINISTRY OF INFORMATION

Ramallah, September 23, 1995

The American decision to extend financial assistance to the Palestinian National Authority contradicts any accepted practice. This decision that was taken while handcuffed with the heavy chains of conditions. It is provocative and insulting to the Palestinian national feelings. The decision is a flagrant intrusion in internal Palestinian matters. There is no doubt that this decision has aroused the envy of the majority of Knesset members from the far and extreme right because their colleagues in the American Congress have set a record for themselves in the competition of hatred towards the Palestinian people, its leadership and its national rights.

The American Congress has placed at the very heart of its conditions the closing of Palestinian institutions in Jerusalem and the cessation of support by the Palestine National Authority for these institutions This exposes the true face of American policy towards the Holy City, a policy that supports and assists further Jewish occupation of Jerusalem, its annexation to Israel and it further confirms Israel's claims that Jerusalem is its united, everlasting capital. This stance is a natural extension of the American veto in the United Nations which stood in the way of the Security Council's decision to call for a halt to the confiscation of land and settlement in the Arab city [of Jerusalem] The question that must [now] be asked is how does the Congress allow itself to call for the closure of institutions that emerged from the vital needs of the Jerusalemite community How does Congress allow itself to act in a racist manner towards the Palestinian people by denying it the simplest right to civil institutions.

The institutions, that were established by the Palestinian people and protected by them and have never ceased to be protected by them, are one of the fruits of the long struggle of the Palestinian people. This is one of their basic rights which they did not borrow from anyone and will not negotiate or bargain for them with anybody. They cannot be considered as merchandise by the American Congress that may think they can be paid for. Therefore, their offer is rejected by the Palestinian National Authority both in its details and its totality. It would be more suitable for the members of the American Congress to know well that the Palestinian institutions and rights are not for sale or exchange for all the funds in the entire American Treasury.

The bounds have been overstepped above and beyond measure. The American Congress has relinquished the American role as a sponsor of the DOP and declared its absolute partiality in the interest of the worst and most damaging of Israeli interpretations, by rushing ahead more than the Israelis themselves have done when they [members of Congress] demanded the cancelling of some articles in the Palestinian National charter and when they demanded Palestinian co-operation with Israel in surrendering wanted Palestinian citizens to it despite the fact that this demand violates the signed agreements between the PLO and the government of Israel

According to all criteria, this is a clear relinquishment of the supposed US role as a neutral sponsor. This hostile policy to the Palestinian National Authority and the

Palestinian people will only present additional hardships to the building of the Palestine National Authority at a time when it was expected that the United States was to fill a role of support to the process rather than hinder or complicate it so as to lead to its ruin.

The conditions that the American Congress demanded will not find anyone to respond to them. The members of Congress, who do not respect international legitimacy, will not need to wait six long months because the Palestinian people will not barter their rights for all the money in the world.

السلطة الوطنية الفلسطينية
Palestinian National Authority
Ministry of Information
١٩٩٥/٩/٢٣

بيان صادر عن وزارة الإعلام الفلسطينية

القرار الأمريكي بتقديم مساعدات مالية للسلطة الوطنية الفلسطينية، جاء مُخالفاً لكل التقاليد والاعراف، فقد جاء مكبلاً بسلاسل ثقيلة من الاشتراطات التي تتضح إستفزازاً للمشاعر الوطنية الفلسطينية، وتشكل تطاولاً وتدخلاً سافراً في الشؤون الداخلية الفلسطينية. ومما لا شك فيه أن هذا القرار قد اثار مشاعر الحسد والغيرة لدى أكثر اعضاء الكنيست الاسرائيلي تطرفاً ويمينية، لأن زملاءهم في "الكونغرس" الامريكي سجلوا أنفسهم قصب السبق في العداء للشعب الفلسطيني وقيادته وحقوقه الوطنية.

لقد وضع الكونغرس في مقدمة شروطه، اغلاق المؤسسات الفلسطينية في القدس، ووقف دعم السلطة لها، وهذا يظهر الوجه الحقيقي للسياسة الامريكية حيال المدينة المقدسة، الداعم والمساند للتكريس إحتلالها، والحاقها باسرائيل، وتثبيت إدعاءاتها بأنها عاصمتها الابدية الموحدة. ولقد وجاء هذا الموقف امتداداً طبيعياً للفيتو الامريكي الذي عطل قرار مجلس الأمن الداعي لوقف مصادرة الاراضي واستيطانها في المدينة العربية. والسؤال الذي يطرح نفسه؟ كيف يجرؤ الكونغرس لنفسه، الدعوة لاغلاق مؤسسات منبثقة عن خاصة المجتمع المقدسي المنحه لها. ويتعامل مع الشعب الفلسطيني بمفهوم "عنصري" يحرمه من أبسط الحقوق في بناء مؤسسات مدنية.

إن مؤسسات أنقدس، التي بناها الشعب الفلسطيني، ودافع عنها ومازال هي أحد ثمار نضاله الطويل وحق من حقوقه التي لا يتنازلها من أحد ولا يساوم عليها أحد، والذي لا يمكن أن يكون سلعة كما يظن ، "الكونغرس" الامريكي ويُوسعه أن يدفع ثمنها، لذلك فإن العرض الذي تقدم به مرفوض بالجماع فلسطيني، جملة وتفصيلاً، وكان من الأجدر باعضاء الكونغرس الأمريكي أن يعرفوا جيداً بأن، المؤسسات والحقوق الفلسطينية ليست للبيع أو المبادلة، أو المقايضة لقاء أموال المعونة الامريكية كلها.

لقد طفح الكيل وزاد عن كل حدٍّ، حين تخلى الكونغرس الأمريكي عن دور بناء كرأعي لعملية السلام، واعلن انحيازه المطلق لمصالح أكثر التفسيرات الاسرائيلية سوءاً

رام الله- البيرة- شارع نابلس- تلفون: ٠٢/٩٩٥٠٤١-٠٩ تلكس: ٢٤٤/٩٩٥٠٤٣ ص.ب ٢١٦ ٠٠ غزة مجمع ابو خضرا تلفون ٨٦٦٨٨٨-٠٧ تلكس ٨٢١٦٧١-٠٧
Ramallah - Al Bairah - Nablus Road - Tel:02-9954041/2 - Fax:02-9954043 P.O Box 216/ 244 ٠٠ Gaza - Tel: 07-866888 Fax: 07821672

وإجحافاً لاتفاق إعلان المبادىء عندما يستعمل أكثر من الإسرائيليين أنفسهم، تطلب بعض الفقرات في الميثاق الوطني الفلسطيني، وتطالب السلطة الوطنية الفلسطينية بالتعاون مع إسرائيل في تسليم مواطنين فلسطينيين مطلوبين لها، رغم مخالفة هذا الطلب للإتفاقات المعقودة بين منظمة التحرير الفلسطينية، وحكومة إسرائيل.

إن هذه المواقف التي أقدم عليها "الكونغرس" الأمريكي، تعتبر صفعة جديدة لعملية السلام، وتشجيعاً صريحاً للتعنت الإسرائيلي وهي بمثابات التشكيك العلني للدور الرائد المتعاظم عن دورها المتزايد في تعزيز عملية السلام الأمر الذي يعزز الاعتقاد بأن هذه السياسة الحالية حول الجانب الفلسطيني وسلطته الوطنية، من شأنها أن تؤدي إلى مصاعب جمة بناء الكيان الوطني الفلسطيني، في الوقت الذي كان يتطلع من الولايات المتحدة دعم من أجل تعزيز وتوطيد أركان هذا السلام وتعزيزه وتدعيمه.

إن شروط الكونغرس الأمريكي، لن تجد من يتعاطى معها، ولن يحتاج أعضاء الكونغرس، الذين لم يحترموا قرارات الشرعية الدولية عناء الانتظار ستة شهور طويلة، فالشعب الفلسطيني لا يُقايض حقوقه بأموال الدنيا.

Cairo, June 9, 1974

The Palestinian National Council:
On the basis of the Palestinian National Charter and the Political Programme drawn up at the eleventh session, held from January 6-12, 1973; and from its belief that it is impossible for a permanent and just peace to be established in the area unless our Palestinian people recover all their national rights and, first and foremost, their rights to return and to self-determination on the whole of the soil of their homeland; and in the light of a study of the new political circumstances that have come into existence in the period between the Council's last and present sessions, resolves the following:

1. To reaffirm the Palestine Liberation Organization's previous attitude to Resolution 242, which obliterates the national right of our people and deals with the cause of our people as a problem of refugees. The Council therefore refuses to have anything to do with this resolution at any level, Arab or international, including the Geneva Conference.

2. The Liberation Organization will employ all means, and first and foremost armed struggle, to liberate Palestinian territory and to establish the independent combatant national authority for the people over every part of Palestinian territory that is liberated. This will require further changes being effected in the balance of power in favour of our people and their struggle.

3. The Liberation Organization will struggle against any proposal for a Palestinian entity the price of which is recognition, peace, secure frontiers, renunciation of national rights and the deprival of our people of their right to return and their right to self-determination on the soil of their homeland.

4. Any step taken towards liberation is a step towards the realization of the Liberation Organization's strategy of establishing the democratic Palestinian state specified in the resolutions of previous Palestinian National Councils.

5. Struggle along with the Jordanian national forces to establish a Jordanian-Palestinian national front whose aim will be to set up in Jordan a democratic national authority in close contact with the Palestinian entity that is established through the struggle.

6. The Liberation Organization will struggle to establish unity in struggle between the two peoples and between all the forces of the Arab liberation movement that are in agreement on this programme.

7. In the light of this programme, the Liberation Organization will struggle to strengthen national unity and to raise it to the level where it will be able to perform its national duties and tasks.

8. Once it is established, the Palestinian national authority will strive to achieve a union of the confrontation countries, with the aim of completing the liberation of all Palestinian territory, and as a step along the road to comprehensive Arab unity.

9. The Liberation Organization will strive to strengthen its solidarity with the socialist countries, and with forces of liberation and progress throughout the world, with the aim of frustration all the schemes of Zionism, reaction and imperialism.

10. In light of this programme, the leadership of the revolution will determine the tactics which will serve and make possible the realization of these objectives.

The Executive Committee of the Palestine Liberation Organization will make every effort to implement this programme, and should a situation arise affecting the destiny and the future of the Palestinian people, the National Assembly will be convened in extraordinary session.

Clinton Claps Secret Cover On Report on PLO Finances

Long-Awaited GAO Study Too Hot to Publish

FORWARD STAFF

WASHINGTON — President Clinton has clapped a stamp of secrecy on a report on the Palestine Liberation Organization's financial state that was completed last month by the General Accounting Office, the Forward has learned, and the struggle to find out what the GAO discovered is quietly emerging as a new issue in the battle over sending taxpayer dollars to the Palestinian Authority headed by Yasser Arafat.

The probe into the PLO's income, assets and expenditures, which the GAO confirmed is classified, was initiated late last year at the request of Rep. Benjamin Gilman, a Rockland County, N.Y., Republican and chairman of the House Foreign Affairs Committee. The eagerly awaited investigation was intended to shed light on the PLO's bank accounts and books, which have heretofore remained shrouded in mystery despite Mr. Arafat's repeated claims of being short of funds.

Critics Cry Coverup

The move to seal the document comes at a critical time in the debate over American funding of the PLO. The legislation that allows Mr. Clinton to disburse tax dollars to the Palestine Authority, the PLO's governing body, expired at the end of last month and was extended until mid-August pending further debate in Congress. For Mr. Clinton, who considers the aid crucial to the peace process, a cornerstone of his foreign policy, a report critical of the PLO's spending habits could spell trouble — even as the White House gears up to host the signing of the second phase of the Israeli-Palestinian peace accord later this month.

Critics of PLO aid say the administration's decision to keep the document out of the public's hands smacks of a coverup. "As far as I'm concerned, the fact that this is being kept a secret is an indictment of the administration," says Rand Fishbein, who is a former top aide to Senator Inouye, a Democrat from Hawaii, and is the author of Senator D'Amato's recently proposed bill intended to crack down on American aid to the PLO. "Are they such apologists for the PLO that they can't make this public? What is the administration trying to hide?"

It's not clear exactly who requested that the report be deemed classi-

Please turn to Page 5

Clinton Seals Report on PLO

Continued from Page 1

fied; however, Washington sources say that any government department or agency that provided information to the GAO could have asked for such a classification.

The GAO investigation was undertaken to answer several basic questions: What are the PLO's total assets; what is its annual income; and to what extent are Mr. Arafat and the Palestine Authority investing the organization's money in their own people's welfare? The Clinton administration has earmarked some $500 million over the next five years to help Mr. Arafat promote stability in the territories. Congressional watchdogs, however, are concerned that American taxpayer dollars are being wasted or even abused by the PLO.

Opponents of the aid are also charging that several administration departments and agencies — including the State Department and the Central Intelligence Agency — were less than forthcoming with the GAO during its audit. "The administration did everything it could in order to sabotage this investigation," says Rachel Ehrenfeld, an expert on international money-laundering.

Change of Heart

Ms. Ehrenfeld says, for example, that an investigator for the GAO was dispatched to London last fall to meet with representatives of the British National Criminal Intelligence Service. A recent report by the NCIS concluded that the PLO had between $8 billion and $10 billion in hidden assets in 1993, with annual income of between $1.5 billion and $2 billion. After initially being told that he would have cooperation from the British, the GAO auditor found the NCIS reluctant to provide him with information. The change of heart, according to Ms. Ehrenfeld, came only after the GAO notified the State Department that it was sending a man to London. A spokesman for the State Department wasn't immediately available to comment.

The Christians' Israel Public Action Committee is also calling for the release of the GAO report and congressional hearings on the issue — before Congress goes on recess in August. "The Clinton administration is covering up for Arafat," says Richard Hellman, president of Cipac, a right-of-center group.

Mr. Gilman, the congressman who requested the GAO audit, wasn't available to comment on the administration's handling of the report. Some hawks are charging that the language of his initial request was too mild. "It could have been written with stronger language which would have given the GAO more authority," says Ms. Ehrenfeld, who adds that GAO agents did not have the power to subpoena witnesses. "Gilman was under a lot of pressure not to ask for the investigation and he was under even more pressure when he did ask for it," she says.

If the GAO report is not made public soon, it may be too late to enter into the debate over PLO funding. The Senate is expected to consider the Foreign Aid Authorization bill next week, and, according to a source inside the Senate, under one of the scenarios now being contemplated, the GOP would agree to extend aid to the PLO for another year as long as Mr. Clinton agrees not to veto its proposed reorganization of the State Department.

"When this government wanted to know where Ferdinand Marcos got his ill-gotten gains, we found out," says Mr. Fishbein. "Why is it that in the case of the PLO we're covering up? The American people have a right to know."

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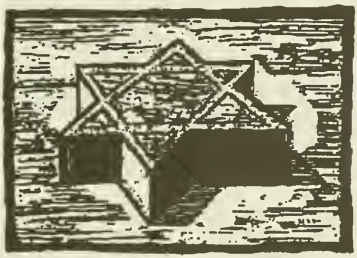
The End of Zionism and the Last Israeli

By Yoram Hazony

The agreement Israeli prime minister Yitzhak Rabin and PLO chairman Yasir Arafat signed to a chorus of hosannas last week is principally concerned with the material assets Israel is handing over to the Palestinians: military installations, strategic terrain, water.

But with the Rabin government readying the transfer of authority in ancient Jewish cities such as Hebron, Bethlehem, and Shiloh—and the opening of negotiations over Jerusalem itself a few months from now—it is becoming clear that the diplomats' scalpel has reached *cultural* bone. Two years have passed since Israel signed the 1993 Oslo accord with Arafat. But with the relinquishment of Hebron, the final resting place of the Hebrew patriarchs, by the stroke of a pen, Israelis are only now becoming aware of the most painful ramifications of the deal cut with Arafat—the ones which cannot be quantified by negotiators and military men.



Witness a recent exchange between two prominent columnists, both identified with the left, in the prestigious Israeli daily *Ha'aretz*. "In their worst nightmares," wrote Yoel Marcus, perhaps Israel's most respected columnist and a long-time supporter of Rabin's governing Labor party, "neither Yitzhak Rabin nor Shimon Peres could have imagined himself twenty-five years ago as the architect of a government that would take Israel back to its pre-1967 borders. But this is exactly what they are doing."

Marcus asked Israelis to "leave for a moment the preoccupation with the headlines of the hour," and consider "the *really* dramatic revolution taking place." The reason the Golan Heights, Bethlehem, and Jerusalem could be put on the negotiating block by the Labor government without pandemonium in the streets is the near-total collapse of the Jewish nationalist ideology that built the state. "Our people has long since tired of bearing Zionism on its shoulders generation after generation," Marcus observed. "While the Arabs have remained faithful to their ideology of the holiness of the land . . . Israel is ready lightly to withdraw from the lands that were the cradle of Judaism," in exchange for "personal safety and a 'normal' life."

Marcus's piece was gleefully parried by his colleague at *Ha'aretz*, Gidon Samet. "Thanks be to God," Samet cheered; the agreement with Arafat "has broken down the ingredient that was the cement in the wall of our old national identity." According to Samet, the disintegration of the cultural wall that had kept the conflict with the PLO alive signals a new Israeli openness to world culture, from pubs to pasta: "Madonna and Big Macs are only the most peripheral of examples of . . . a 'normalness' which means, among other things, the end of the terrible fear of everything that is foreign and strange. . . . Only those trapped in the old way of thinking will not recognize the benefits."

It is not coincidental that both articles focused on "normalness" (*normaliut* in Hebrew), an old Jewish code-word meaning "like the Gentiles." "Normal" people, so the argument goes, do not live in fear of being blown up on buses. They do not hold grudges over crimes committed years ago, and they do not spend their time fighting over real or imagined burial places of real or imagined ancestors. They go to pubs and eat pasta.

The debate over the *normaliut* supposedly ushered in by Oslo underscores what has become evident to Israelis of all persuasions in recent months: that Oslo was not, like the peace agreements with Egypt and Jordan, a strictly political achievement whose desirability can be judged in terms of guns and butter. For "the handshake," as the deal with Arafat is known, sought

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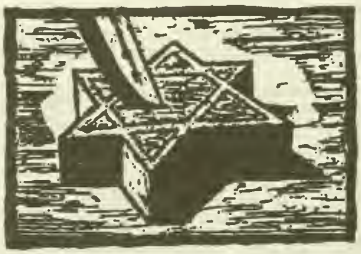
to achieve the heart's desire of "normal" Israelis by renouncing precisely those emotional assets which allow many "Jewish" Israelis to lead meaningful lives.

And on the heels of this realization has come a second, the recognition that the Jewish state is sliding headlong into a bitter cultural civil war. Israel is realigning into two camps: those for whom forgetting about Arafat's murderous past and giving him what he wants means achieving an exhilarating liberation; and those for whom these concessions mean abandoning the entire purpose of the Jewish state in the first place—a calamity of unfathomable proportions.

Zionism is Jewish nationalism—the belief that there should be a Jewish nation-state in the land of Israel. Few people today recognize what an abomination this idea was to Jewish intellectuals when it was formally constituted as a political organization in 1897. Of the great Jewish thinkers, virtually none could stomach the idea. Hermann Cohen, Franz Rosenzweig, Martin Buber, Haim Soloveitchik, and the Hasidic rebbes of both Lubavitch and Satmar—all rejected Zionism for much the same reason: They believed the Jewish people was essentially a thing of the spirit. The creation of a state, which perforce meant a Judaism of tanks and explosives, of politics and intrigue, of bureaucracy and capital—in short, the *empowerment* of Judaism—would mean the end of Judaism as a philosophy, an ideal, a faith.



What took the teeth out of the anti-Zionism of the Jewish left and right was the Holocaust. In the wake of the most fearsome possible demonstration of the evil of Jewish powerlessness, the anti-Zionism of all camps became an embarrassment. The pugnacious little fighters of Palestine, lashing out at the British enemy and Arab marauders, became the heroes of the Jewish people. By the time Jewish toughs like David Ben-Gurion and Menachem Begin had managed to bomb the British off their backs, the state they had founded had really become the state of virtually the entire Jewish people. After the gas chambers, almost every Jew everywhere became a Zionist, a believer in the necessity and obligation of Jewish power.

Yet Jewish and even Israeli intellectuals never really reconciled themselves to the Jewish empowerment entailed in the creation of a Jewish nation-state. The very desirability of the Israeli War of Independence in 1948 was caustically challenged in the writings of S. Yizhar, perhaps the most prominent writer of the nation's early years. And by the 1960s, Israeli academia, itself founded by anti-nationalists such as Buber and Yehuda Magnes, had begun to spawn an entire generation of literary figures whose point of departure was the rejection of Jewish nationalism.

The most famous novel by the nation's most famous novelist, Amos Oz's *My Michael*, portrays Jerusalem—the very symbol of the Jewish national revival—as a city of brooding insanity and illness. A.B. Yehoshua's story "Before the Forest" has a young Jew joining forces with an Arab to burn down the "Zionist" forest planted on the ruins of an Arab village. In *The Lover*, Yehoshua's best-known novel, the hero deserts his Army unit in mid-battle, and a high school girl from a well-to-do family finds comfort in the arms of an Arab.

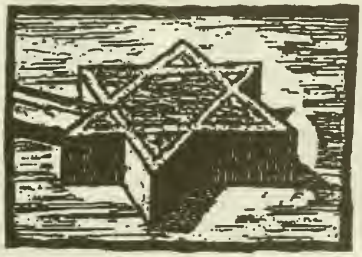
Other common themes of Israeli literature are much the same: the escape from Israel; the destruction of Israel; death (by decay, rather than struggle); the Israel Defense Forces as concentration camp, pigsty, whorehouse; and the ideal of disempowerment represented by the Holocaust—which, as novelist Moshe Shamir has observed, "is becoming the common homeland of the Jews, their promised land."

While literary figures have long led the effort to create a post-Zionist consciousness in Israel, academics have been even more ferocious. The 1967 Six Day War immediately inspired attacks by opponents of nationalism such as Yishayahu Leibowitz, who claimed that Israel was undergoing Nazification, used the term "Judeo-Nazi" to describe the Israeli armed forces, and said the nation would soon set up concentration camps. In the last two decades, these seemingly beyond-the-pale expressions of hatred for Zionist power have paved the way for a more "scientific" delegitimization of the Jewish state by historians, sociologists, and journalists offering more acceptable versions of the same themes. Zionism was a colonialist movement, said Ilan Papo. It forcibly expelled the Arab refugees from their homes in 1948, said Benny Morris. It fabricated a false connection between the Jews and the land, said Boas Evron. It used the Holocaust to

advance its political ends, said Tom Segev. And so on.

There are certainly elements of truth in some of the allegations raised. The reality of power—and especially of power wielded in desperation, as Zionist power has been—is that it inevitably has its seamier side. But instead of contributing to a new balance in Israeli historiography, the new academics have waged what amounts to a scorched-earth campaign against the past. They have joined novelists, poets, and artists in a wholesale effort to wreck the basic faith of the Israeli public in its own history.

As the novelist Aharon Meged, a veteran member of the Labor movement, described the rise of post-Zionism among Israeli intellectuals: "For two or three decades now, several hundred of our society's 'best,' men of the pen and of the spirit...have been working single-mindedly and without respite to preach and prove that our cause is not just: Not only that it has been unjust since the Six Day War and the 'occupation'...and not only since the founding of the state in 1948...but since the beginnings of Zionist settlement at the end of the last century."



In light of this assault, every value invoked in building the Jewish state—the ingathering of the exiles, the redemption of a neglected land, the purity of arms used in self-defense—is repainted as the product of ignorance, hypocrisy, and cynicism, as is the Jewish state itself. "Post-Zionism" becomes the only belief acceptable to an "enlightened" individual.

By now, post-Zionist truths have become so self-evident as to constitute an Israeli "political correctness," justifying—let no one be surprised—the censorship of opposing views. The most notorious example is that of Maya Kaganskaya, a razor-witted literary critic and a well-known personality in the Israeli Russian-language press. After her immigration to Israel, Kaganskaya was for a brief while a prominent personality in Hebrew literary circles. But her career as an Israeli intellectual came to an end on July 24, 1992, when a translator named Nili Mirski accused her in *Ha'aretz* of harboring hitherto concealed nationalist views.

Mirski quoted from a piece of Kaganskaya's, written in Russian, which compared Israeli socialism to Soviet communism, ridiculed the farmer-proletarianism of Israeli fashion, bristled against the social-control methods of kibbutz society, and argued that the Israeli left can no longer be considered Zionist. Having thus "discovered" Kaganskaya's views, Mirski went on to accuse her of a "complete inability to understand the Israeli reality" and a "capricious and burning hatred" of the left-cultural clique, which had showered her with honors "she will probably be sorry to give up."

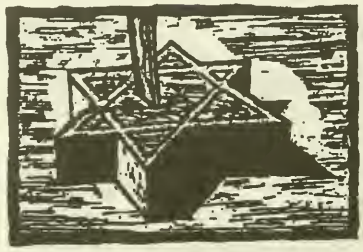
In the three years since the appearance of Mirski's handiwork, Kaganskaya has been erased from the Israeli literary establishment. Not a single essay of hers has appeared in Hebrew. She has been blacklisted by the cultural media and salons. She returned to the land of her forefathers—there to become a despised Jewish dissident.

Few Israeli politicians would or could openly admit to being post-Zionists. They could still lose a lot of votes that way. But this does not mean that Israeli policy-making has remained immune to the intellectual assault on Zionism.

With the disappearance from public life of Zionism's founding fathers—Labor's Ben-Gurion died in 1973, and Likud's Begin ceased all public activity in 1983—both major political parties began to drift. In the absence of a countervailing nationalist intellectual movement, the nationalist agenda of the Labor party (which ruled the country for three decades from Israel's founding until the late 1970s) has been rapidly eviscerated. In its place: a menu of post-Zionist concepts resembling the worldview of the European "New Left" (think of John Lennon). A less pronounced shift in the same direction has been taking place in the more right-wing Likud.

The victory of the Labor party in June 1992 therefore marked no return to the full-throated, proud, and aggressive Labor Zionism of 20 years ago. Indeed, the "Labor" half of the formula had been recanted de facto at a party convention that year, which discarded the red banner of Socialism and even the Socialist anthem, the *Internationale*, which had been warbled by Labor Zionists for seven decades or more. And as the policies of the Rabin government have unfolded, it has become clear that the "Zionist" half has fared no better. Virtually every area of government policy has been quietly redirected to dismantling the Jewish national character of the state.

For example, Israel's schools have been subjected to two decades of progressive dilution of Jewish subjects such as Bible, Talmud, and Jewish history. But the new Labor government outdid its predecessors by installing Shulamit Aloni, of its most radical anti-religious fringe, as minister of education. In this post, Aloni declared traditional Jewish dietary laws unnecessary, attacked school trips to Auschwitz for stirring up "nationalist" sentiment among the students, and insisted that references to God be eliminated from armed forces memorial services. The educational activities of the deputy minister, Micha Goldman, have included calling for a change in the text of the national anthem, *Hatikva*, "in order to give expression to citizens who are not Jews"; advocating that the poetry of Tewfik Ziyad, an Arab nationalist and anti-Zionist, be taught "next to the poetry" of modern Hebrew bard Chaim Bialik; and ordering a purge of religious teachers in the ministry's school system.



The ministry's appointee as chairman of the Committee for History Curriculum Reform is Moshe Zimmermann, who has used media interviews to compare orthodox Jewish children to Hitler Youth, the Bible to *Mein Kampf*, and the armed forces to the SS. Says Zimmermann, "Learning about the Jewish people and the State of Israel appears in the [new educational] program, but certainly not as a subject of primary importance."

A similar trend is in evidence at the Defense Ministry, which has recently approved a new code of ethics for the armed forces called *The Spirit of the IDF*—"the moral and normative identity card of the Israel Defense Forces...according to which every soldier...educates himself and his fellows." The new code is a showcase of post-Zionist virtue, touting the importance of defending "democracy" against all possible menace. Yet nowhere in its 11 "values" and 34 "basic principles" does it refer to the Jewish state, the Jewish people, the Jewish tradition, or the land of Israel.

So ubiquitous are efforts to dejudaize the Israeli government that it is often hard to read the papers without thinking it all a joke. Shortly after the 1992 elections, in which Labor had pledged to stop spending money to build highways in the West Bank "for the benefit of the settlers," Housing Ministry Director-General Aryeh Mizrahi announced a new plan in which highways would be built anyway—so products from Syria, Saudi Arabia, and Jordan would be able to arrive in the port cities of Haifa and Ashdod once peace is at hand.

The new Ministry of Tourism has determined its focus to be encouraging tourists from Islamic countries. The Ministry of Religious Affairs recently promulgated new guidelines for the disbursement of funds that give preference to groups encouraging meetings between Jewish and Moslem youth, "secular" groups using "multi-media and games" to promote Judaism, and organizations promoting Moslem pilgrimage to Mecca. Even as seemingly benign an agency as the Parks Authority has called for cutting the nation's birth rate to zero and, if necessary, amending the law giving any diaspora Jew immediate citizenship if he immigrates—all to protect the national parks, of course.

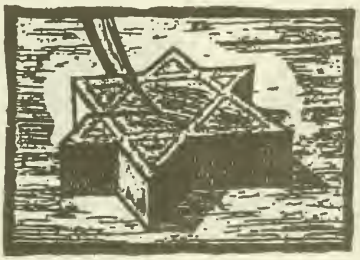
The Jewish Agency, a quasi-governmental body ostensibly responsible for Jewish immigration, has begun testing foreign Jews to determine whether they are "fit" to immigrate to Israel. Its new head, Avrum Burg, has been one of the leading advocates of revising Israeli law to "separate religion and state." He has insisted that efforts to find "lost" Jewish tribes and bring them to Israel "must be frustrated every step of the way," and declared Yishayahu Leibowitz (of "Judeo-Nazi" fame) to be his "moral compass." Burg's advisers, Haim Ben-Shachar and Arik Carmon, have developed a plan whereby the Zionist movement would drop its focus on Jewish immigration and concern itself with distributing "pluralistic" Jewish material over the Internet.

The National Insurance Institute is likewise phasing out its long-standing system of family benefits for citizens who have served in the armed forces—in order to prevent discrimination against the majority of Arab citizens who choose not to serve. Meanwhile, the Supreme Court's new chief justice, Aharon Barak, has articulated a doctrine under which the beliefs of "the enlightened public in Israel" will be the benchmark against which Israeli law is interpreted (these beliefs have proved to include court-ordered hiring quotas and gay families).

But nowhere is the strange fruit of post-Zionist policy more in evidence than in the Foreign Ministry,

which has come to be a kind of foreign ministry not for the Jewish state, but for the entire Middle East. Among the consequences is that a chief responsibility of Israeli diplomats has become fundraising for Arab regimes—based on the principle that they will become peaceable if they are plied with ever-higher levels of aid. Thus, in the judgment of former deputy foreign minister Yossi Beilin, while Israel is "a wealthy country" needing no donations from abroad, Jewish philanthropic organizations have an "obligation" to provide assistance to the PLO and Jordan. Ministry Director-General Uri Savir claims that "anyone who objects to American aid to the PLO has no right to be called a friend of Israel." Aid for Syria, too, has become an aim of Israeli policy.

As for more traditional Israeli foreign policy goals, like explaining the needs and interests of the Jewish state, Foreign Minister Peres has ordered the closing of the Foreign Ministry's Information Department because "if you have good policy, you do not need public relations." Sites such as the Golan Heights and Masada that connote Israeli nationalism and strength have been removed from the schedules of visiting dignitaries (while the Holocaust memorial remains sacrosanct). For ambassadors, the new Foreign Ministry has selected post-nationalists such as Gad Ya'acobi at the United Nations ("There is no such thing as Jewish land") and Shimon Shamir in Jordan ("When we celebrate our independence day, it is always incumbent upon us to remember that our holiday is a day of destruction for another people").



The strategic aims of Israeli foreign policy? Again, Yossi Beilin: Israel should become "a country involved in resolving other people's conflicts, [and] providing officials for the U.N., including U.N. secretary-generals,..." Foreign Minister Shimon Peres: "There can be no doubt that Israel's next goal should be to become a member of the Arab League."

Thus have the United Nations and the Arab League become the highest concerns of a post-Zionist foreign policy. The existence and welfare of the Jewish state has become too parochial a *raison d'état* for Israeli leaders.

Zionism was predicated on the idea that the land of Israel is the historic inheritance of only one people, the Jews; that this right was recognized under international law by the League of Nations in 1920; and that the Arabs, having secured self-expression in 20 Arab national states, do not need one more. It was such a Jewish-nationalist view that guided Ben-Gurion, who insisted that: "No Jew has the right to relinquish the right of the Jewish nation to the land of Israel. . . . Even the whole Jewish people alive today has no authority to relinquish any part whatsoever of the land. This is a right of the Jewish nation in all its generations—a right which may not be forfeited under any condition."

Nothing could be farther from these original Zionist premises than the Oslo agreement, in which the government of Israel and the PLO agree to recognize "their mutual legitimate and political rights"—a phrase usually glossed over as though it merely sets up Israeli concessions in the West Bank and Gaza Strip.

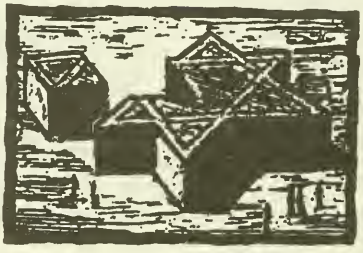
But considering that all previous Israeli governments had claimed the land as the legitimate right of the Jewish people alone, conceding the "mutual legitimate rights" of Jews and Arabs to the land is a step pregnant with meaning not only for Hebron and Jerusalem, but for Haifa and Tel Aviv as well. To claim that the United States and Mexico have "mutual legitimate and political rights" to Texas is a way of saying that no part of Texas belongs rightfully and solely to America. Similarly, in creating an equivalence between Jewish and Arab rights, Oslo proposes that the Jews give up *some* of the land to the PLO—but on the strength of equivalent Arab "rights" to *all* of it.

Which cuts to the heart of why Oslo has created such a sandstorm of opprobrium and horror in Israel: The recognition of such an Arab national right to the land of Israel is a flagrantly post-Zionist proposition. It means that the PLO's carnival of carnage spanning three decades was a perhaps distasteful but nevertheless *justified* war of resistance. By the same token, all the lives lost in pursuing Zionism—from the draining of the malarial swamps to the raid on Entebbe—were in the service of a morally questionable and perhaps even illegitimate enterprise. For under this rendering of history, the land never really belonged to the Jews.

One would like to believe these implications of the Oslo agreement were unintended, the product of diplomatic expedience. Unfortunately for this supposi-

tion, Shimon Peres has written a book explaining the ideological underpinnings of the agreement in detail. In *The New Middle East*, Peres rejects the entire concept of the national state, arguing that wherever "particularist nationalism...has staked a claim, the social order has been subverted and hostility and violence have taken root." It was Jewish and Arab nationalism, says Peres, that caused the Arab-Israeli wars, and the only solution is to leave these nationalisms behind, forging what he calls an "ultranational" entity encompassing the entire Middle East, with a common Arab-Jewish government, army, and economy.

If Arabs and Jews are to give up their nationalisms and live in such a New Middle East, what would be their identity? Peres is unequivocal: "One day our self-awareness and personal identity will be based on this new reality, and we will find that we have stepped outside the national arena." True, "people are not yet ready to accept an ultranational identity," but he nevertheless believes that gradually "a new type of citizenship is catching on, with a new personal identity.... Particularist nationalism is fading and the idea of a 'citizen of the world' is taking hold."



It was therefore no coincidence that the agreement with the PLO was drafted without consulting the Israeli military. Oslo was based on a presumed "new reality"—one in which both Zionism and Arab nationalism are "fading," and the location of the defense borders is irrelevant, because the end of nationalism means the end of war.

But it is also clear from Peres's hoped-for "new personal identity" that the end of nationalism may mean the end of the Jewish people in Israel, as well.

The Jewish state is first and foremost a political idea. Armies may menace it physically, but it is on the level of ideas that the gravest threats are registered. The Soviet Union was perhaps the most powerful state in the world militarily, but it fell in 1989 because (to borrow from Gidon Samet) "the ingredient that was the cement in the wall of the old national identity" had long since broken down.

Israel is in the midst of an ideological disintegration whose magnitude and meaning defy comprehension. Its most prominent political and cultural figures speak about the absorption of the country into the Arab League, compare the Israeli armed forces to Nazis, condemn as illegitimate the national movement which founded the state, and are preparing to open negotiations over the capital city, Jerusalem.

The Jewish state is poorly equipped to cope with such a crisis. The Labor Zionists who built the state wished to flee the realm of ideas in which the Jews had been immersed for millennia, and build something powerful and real, something physical. They built farms and factories and fighter planes, among the best in the world. But they did not recognize the need to build the *idea* of the Jewish state in the minds of the people. The result is that, today, with the Zionist idea being expunged before their very eyes, most cannot even see what is happening. The factories and the fighter planes look fine.

In most countries, the role of defending the idea of the nation—the preservation and deepening of its heritage, its texts and holy places, and the wisdoms and social crafts which its people have acquired—belongs to political conservatives. But Israel has never had an organized political conservatism. What passes for a "national camp" in Israel, Likud and its sister parties, has no tradition of intellectual discourse to speak of. It has no colleges, no serious think tanks or publishing houses, no newspapers or broadcasting. Nothing like the writings of Smith, Burke, or Hayek has ever been set down in Hebrew, or even translated; Israel's founding fathers translated Marx.

This means that, in spite of all the hardware procured over the last 50 years, the Jewish state will have to wage and win its next war, the war of ideas, outgunned again. Yet in this fight Israel's Jewish nationalists have a hidden advantage: No people gives up its identity and life-meaning too easily, least of all the Jews. Indeed, it is just such conditions of intellectual wilderness and danger which bring the most creative and powerful aspects of the national character to the fore.

Consigned to political opposition for the first time, Zionism has now become a conservatism. But just as it was the taste of annihilation that taught the Jews the need for physical defenses, it may be that this brush with ideological decay was needed for the Jews to learn the importance of the national idea—and of the political conservatism which protects it—for the survival of even a "normal" people. ●

Embargo: Until Thursday, 24 August 1995,
10:00 a.m. (Israeli time)

DRAFT

Jerusalem, August 1995

NEITHER LAW NOR JUSTICE

EXTRA-JUDICIAL PUNISHMENT, ABDUCTION, UNLAWFUL ARREST, AND TORTURE OF PALESTINIAN RESIDENTS OF THE WEST BANK BY THE PALESTINIAN PREVENTIVE SECURITY SERVICE

בצלם

B'TSELEM

The Israeli Information Center for Human Rights
in the Occupied Territories

- 9 -

HUMAN RIGHTS VIOLATIONS BY THE PSS

> "The single factor one must obey is law and justice, including the principles of protecting human rights and ensuring the right of the opposition to express its opinions, while respecting the institutions of the National Authority."
> Gibril Rajoub, Head of the Preventive Security Service in the West Bank'

B'Tselem research shows that the policing activities of the PSS throughout the West Bank are conducted in a manner that severely violates basic human rights. Residents are arrested without arrest warrants, held in detention for lengthy periods without an indictment being filed against them, and tortured during interrogations. The methods of torture used by the PSS include, among others, severe beatings, painful tying-up, sleep deprivation, threats, and humiliation.

The following is a list of persons who gave testimonies to B'Tselem. The full names and places of residences of all of those who testified are on file at B'Tselem. Most are not published at their request because they fear PSS reaction.

	Date of incident	Name, age, and family status	Place arrested	Place interrogated	Manner seized	Period of detention
7	7.5.95	S.D., 36, married with four children	Home	Jericho	Summoned to PSS offices in Jericho	23 days
8	17.5.95	M.Y., 45, married with four children	Home	Jericho	Surrendered in Jericho after men came looking for him several times	43 days
9	18.5.95	M.J., 36, married with eight children	Home		Agreed to accompany PSS personnel who had come to his home	Still in detention
10	21.5.95	M.D., 25, married with one child	Home	Jericho	Abduction and brutal interrogation in Issawiyyah and then	8 days
11	23.5.95	Abed a Rahman al-Jarbo'a, 29, married with three children	Home	Town center of his home town	Not arrested, shot without warning	Not detained
12	1.6.95	F.D., 27, married with one child	Home	Jericho	Agreed to accompany PSS personnel who had come to his home	Still in detention
13	9.6.95	I.I., 32, married with six children	Home	Jericho	Summoned to PSS offices in Jericho	8 days

All were arrested without a warrant and those who were detained were not brought before a judge to extend the detention period. No indictment was filed against those released, and they were not prosecuted.

As far as B'Tselem knows, the PSS did not initiate legal proceedings against any PSS agents for the human rights violations described above.

How the PSS violates human rights is demonstrated by the case of Muhammad Nabil Omar Fakher a-Din, resident of Nablus, aged 45. He states that members of the PSS seized him, and that he was beaten and shot in the legs by Ahmad Tabuk, an agent of the PSS in Nablus. Palestinian residents from Nablus told B'Tselem that as a result of this and other cases, Gibril Rajoub summoned Tabuk and several of his men to Jericho, but took no measures against them. They were not arrested, and they returned to Nablus about a week later. The residents indicated that Tabuk is currently operating in Nablus as a PSS agent, working out of the same office as previously.

1. Extra-judicial Punishment

Testimonies gathered by B'Tselem show that PSS agents occasionally shoot the legs of persons suspected of committing various crimes, or beat them. Usually, the persons are suspected of sexual crimes or what the PSS members consider to be crimes of immorality, such as having sexual relations outside of marriage. The PSS agents act without warning, and without attempting to arrest the person or determine his guilt.

A.J. testified:

> On 23 May 1995, about 12:15 p.m., I was on my way home from work. When I approached the movie theater in the center of Jenin, shots were fired at me. The bullets hit my legs - four bullets in the left leg, and three in the right. I fell to the ground. I saw the fellow who shot me. I know him; his name is Muhammad Suleiman Ahmad Tazazah. He lives in Kabatiyah and is a member of the PSS. After I fell down, he kicked and cursed me.

Muhammad Navil Omar a-Din testified:

> [They] began to beat me with sticks. As they were beating me, I was able to push Ahmad Tabuk. He went berserk and started screaming at me - for pushing him - and he took his pistol and started to shoot me in the knees and feet. I don't remember if he shot six or seven times.

These acts constitute extra-judicial punishment, which is a flagrant human rights violation. During the Intifada, this method, extra-judicial punishment by shooting a person's legs, was one of the methods used by members of Palestinian organizations against individuals suspected of collaboration with the Israeli authorities.[10]

2. Unlawful Detention

> "They (PSS agents) have no authority to detain persons or use weapons. They have no authority to interrogate persons with force; they are prohibited from using force altogether." Jamal A-Shubai, Fatah, in charge of the southern West Bank region[11]

a. The Arrest Procedure

Testimonies given to B'Tselem indicate that PSS agents arrest persons without presenting an arrest warrant, identification card or any other document. In some of instances, individuals are forcefully taken from their home to Jericho or another place in the West Bank. In other instances, the PSS informed the person verbally that he was to go to PSS offices in Jericho or a place near his home.. They frequently did not mention that he was suspected of any crime, claiming only that they wanted to clarify something with him.

The father of F.D. stated:

> On 1 June 1995, six young men arrived in a car with Ramallah license plates. They came to my house and asked about F. I asked them why they want him. They said that they understand that he has a house, and that he had an argument with his neighbors about the path leading to it. They said they are from Fatah, and that they want to take him to the office to resolve the problem and help him. I refused to let F. go with them to Ramallah, but he came out of the room and said that he would go. I told him not to do it, but he did not listen to me, and he got into the car. He did not return that day.

---

[10] See B'Tselem, Collaborators in the Occupied Territories: Human Rights Abuses and Violations, Jerusalem, January, 1994, pp. 136-138.

[11] Uri Nir, "The Persuaders Came to Town", *Ha'aretz*, 11 October 1994.

> The following day, 2 June 1995, I went with a few others to the PLO office in Ramallah, where I asked about F. They told me to go to the Preventive Security Service office and ask there. One of the men with me said that he knew the office. We went there, where I saw several of the fellows who had come to my home and had taken F. I asked them where he was. They answered that he had been sent to Jericho.

In his testimony to B'Tselem, A.D. stated:

> When I got to the olive fields, about a kilometer from my home, a masked man came out from behind the olive trees, jumped me and grabbed me by the throat. He had a knife in his other hand. He dragged me towards the trees, where two other masked persons were waiting. The two tied my hands behind me with cloth, blindfolded me and pushed a piece of cloth into my mouth. They demanded my identity card, and I gave it to them.... They said they were from the Preventive Security Service, and accused me of selling drugs and weapons...

M.D. stated in his testimony:

> At 5:00 a.m. on 21 May, M. [a PSS agent] came to my house. He woke me up and told me to get dressed so that he could take me to Jericho. M. took me from my uncle's house ... put me into my father-in-law's car... They drove to Jericho, where they dropped me off at the entrance to the Preventive Security Service building. They left me and went away.

b. <u>Prevention of Legal Representation</u>

> "I heard from PSS personnel that there is no such thing as retaining an attorney." M.Y., in his testimony to B'Tselem fieldworker, Bassem 'Eid.

The right of a detainee to be represented by legal counsel and to meet regularly with his attorney is fundamental and is intended to ensure his rights. Detainees have no links with the outside world, hence a meeting with an attorney helps them understand their legal status and the legal alternatives available to them, and to complain if interrogators have exert unlawful pressure and treat them violently.

None of those who gave testimony had received had legal representation. B'Tselem learned that for various reasons, primarily because of the refusal of the PA in Jericho to allow proper legal representation for detainees, attorneys in the West Bank refrained from representing West Bank residents arrested by the PA.

M.Y. testified:

> In the 43 days I was detained, I did not see any lawyer vi[illegible] prisoners.

The father of F.D. testified:

> F. told me not to bring a lawyer since Jericho has no courts, and a lawyer wouldn't, therefore, do him any good. So to this day, I did not get him a lawyer.

Testimony of Attorney N.T., given to Bassem 'Eid on 10 August 1995

The relatives of the S. brothers came to my office in Nablus and requested that I represent the brothers, as they were accused of murder.

On 26 April 1995, I contacted PSS headquarters in Jericho. I requested permission from the prosecutor to meet with my clients, but he refused, stating that the investigation has not yet been completed, and that I could not, therefore, meet them at that time. He told me to contact him again on 1 May.

On 1 May, I contacted him, and he agreed to bring the detainees to his room provided that I only request them to sign a power of attorney and that I don't speak with them at all. I agreed, and the detainees came into the room. I had them sign the power of attorney, and then I asked one of them, the one the family had said limps, how his leg was. The prosecutor immediately stood up and said I was forbidden to ask any questions. He shouted for a soldier, who took the detainees back to the prison.

The family requested that I stop handling the case since I was not allowed to meet with my clients.

c. Lack of Judicial Review

International law stipulates that restricting a person's liberty must be subject to effective review by judicial authority. A reasonable time after his arrest, a detainee must be brought before a judge so that he can determine whether denying liberty to the detainee, who is presumed innocent, is justified in light of the *prima facie* evidence against him.

The testimonies gathered by B'Tselem indicate that detainees are held in Jericho for extended periods without any judicial scrutiny, and without giving them an opportunity to appeal their arrest or the conditions under which they are being held.

The father of F.D. stated in his testimony:

> 47 days have already passed since he was arrested, but he has not yet been brought before a judge.

The father of I. S. testified:

> My son, I., was released on 30 July; during the entire period of his incarceration [he was arrested on 5 April 1995], he was never brought before a judge for a hearing or to extend the detention.

d. Prohibition of Periodic Family Visitation

International law recognizes the right of detainees to meet with their families. Family visits allow detainees to maintain contact with the world outside the prison and to ensure that someone will act to protect their rights.

PSS personnel do not permit periodic family visits to detainees; they do not even notify families that their relatives have been arrested or where they are being held.

The father of F.D. testified:

> Ten days passed and we did not hear anything about him, so I decided to rent a car and go to Jericho with my wife, my children, and F.'s wife... We rented a car for NIS 100, bought gifts for another NIS 100, took clothes, and went to Jericho. We went to the police station and asked about F. The police asked if he was a criminal or a security detainee. I said that I did not know the charges against him. An officer went with us in our car to the PSS in Jericho and checked if F. was there. They said he was. The officer said that his family had arrived for a visit, but he was told that F. was not allowed to receive visitors. I got involved and said that the whole family had come to visit, that we had spent lots of money to get there, and that they should at least let us look at him through the bars of his cell. The PSS man refused. We went home without seeing F.

Only on 30 June 1995, a month after his arrest, was F.'s family allowed to visit him.

S.D. was detained for 24 days. On the fifth day of his detention, his cousin asked the PSS in Jericho to allow his family to visit him, but his request was denied. His family was allowed to visit him only 11 days after his arrest.

3. Torture and Ill-Treatment during Interrogation

> "I confessed to all the crimes that had taken place in the village. When I denied something, they brought plastic cups, took off my shirt, and began to melt the plastic on my body, mostly on my back. They plucked hairs from my chest and my mustache. I began to confess to more and more things. They alleged that I had killed my father, and I confessed."
> M.D., in his testimony to B'Tselem fieldworker, Bassem 'Eid

The testimonies given to B'Tselem indicate that, when interrogating suspects, PSS personnel torture and humiliate. Some of their techniques resemble those used in Israeli GSS interrogation facilities; like their Israeli counterparts, PSS interrogators beat detainees, bind them painfully for lengthy periods of time, deprive them of sleep, cover their head with a sack, and insult and humiliate them. Some of the testimonies mentioned other torture techniques, like dripping molten plastic on their bodies, forcing them to undress, or hanging them by their feet. Iman Shihab, the only woman among those who gave testimonies for this report, mentioned sexual abuse, which included pulling her nipples with pincers.

a. Beatings, tying-up, and other forms of physical abuse

Several of the interviewees reported that they were severely beaten with sticks and rubber hoses, and were punched and kicked. For some, the beatings lasted for several hours, the interrogators taking turns. In some cases, the interrogators beat detainees after forcing them to undress, and poured water on them. Other techniques used included dripping molten plastic on their bodies and forcing them to stand in painful positions for long periods.

All the testimonies indicate that at one stage or another of the interrogation, they were tied-up for many hours. Some were tied immediately upon arrival at the prison in Jericho in the position known as "Shabah".[12] Detainees are held in this position for hours and sometimes days, their head covered with a sack.

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[12] This tying technique is known to human rights organizations from GSS interrogations. The detainee's hands are tied behind him and to a pipe or pole affixed to the wall or ceiling, sometimes very high. The detainee often has difficulty standing on his feet, which are also tied. See B'Tselem, Interrogation of Palestinians during the Intifada: Ill-Treatment, :"Moderate Physical Pressure" or Torture?, March, 1991, pp. 62-67.

Iman Shihab testified:

Abu Amjad arrived and took me to another room, where he tied my hands behind me and sprayed me with tear gas from a canister. I felt burns all over my body. I started to scream in pain. I bagged for mercy. He started to melt candles on my body while telling me to confess to the allegations. I said: "I am a collaborator, I committed crimes of immorality, I had sex - just leave me alone." He told me that he wanted me to confess of my own free will, and not because of the torture. I swore by God that none of the allegations were true. That went on until evening. Twice during the interrogation Abu Amjad pulled the nipples of my breasts with pincers.

I.I. testified:

They tied my legs with rope, and tied the rope to a piece of wood on the ceiling, so that I was hanging upside down. They started to beat me on the head with a black wooden stick. That continued from midnight until 4 in the morning...

A.F. was beaten several times:

One of the interrogators stood behind me, and the other was in front. The one in the back started to beat me with a rubber hose, and the other punched and kicked me. This lasted until about 2:00 in the morning. They took turns beating me.... A rubber hose was lying on the ground. They sprayed water on me and beat me with the rubber hose. That lasted about 20 minutes.... They brought bottles of water. One hit me with a rubber hose and the other sprayed me with water. That went on for about an hour.

M.Y. testified:

They told me to stand and spread my legs as far as possible. I spread my legs as much as I could. They brought a piece of wood and placed it lengthwise between my legs. The wood had rope at each end, and they tied the rope to my legs, and left me like that for about an hour. Then they moved the wood, and I stayed there with my hands tied until morning.... The interrogator sat me down on the chair, its back being to my side. The others in the room told me to lower my head backwards to the floor. A couple of them pulled my knees downwards so that my back was on the chair and my head lower. One of them sat on my knees and another grabbed my shoulders and pushed my head down hard. That went on for about ten minutes. Then they told me to get up. I said that I couldn't. They grabbed me by the shoulders and took me back to the detention room.

M.D. stated:

> He began to beat me with his hands and a stick that was in the room. He beat me mostly in the mouth, the shoulders, and stomach. That lasted from 5:00 p.m. to 4:30 the following morning. The interrogator would come and go. Two others also came in during that time and beat me with their hands. The interrogator who came back later kicked me in the groin. Each of the other two grabbed me with one hand, and with the other punched me in the face.... Two hours later they took me to another room... I sensed that more than one was beating my hands and legs with a stick. I confessed to things I had done and had not done.

b. Threats and Insults

> "He put a pistol to my head and said that he had killed 50 men, and that I would be number 51." I.I., in his testimony to B'Tselem fieldworker, Bassem 'Eid

All persons who had been interrogated and testified for this report said that they had been threatened and humiliated during the interrogations. In several cases, the interrogators threatened their, or their relatives', lives. The interrogators also told them they would torture them more severely or that their detention would be extended. In one case, they threatened to try the detainee before a military court in Gaza.[13] The interrogators also threatened the detainees that if they relate what had taken place during the interrogations, they would distribute their confessions, obtained through torture, in their communities so as to endanger them.

In many instances, interrogators humiliated detainees by directing sexual insults to their female relatives. In addition to verbal insults, interrogators also used physical humiliation, like undressing the detainees, spitting in their faces, or serving them urine to drink.

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[13] In April, 1995, the State Security Court in Gaza, established by the Palestinian Authority, began to try persons accused of security crimes. According to Amnesty International, the trials in these courts are exceedingly unfair and violate the minimal standards of international law. See Amnesty International, Trial at Midnight: Secret, Summary, Unfair Trials in Gaza, June, 1995.

I.I. related:

> I was questioned by three interrogators... They asked me if I was a collaborator. I said no. Mahmud 'Abasi [one of the interrogators] told me: "We will kill you like we killed your uncle,[14] and you will die a month from now".... Then a fellow named Abu Al-'Az entered and said to Jamal: "If he dies, throw him behind the wall and say that he committed suicide".... Mahmud Abasi took me, in a white jeep, to the Jericho barricade. Along the way, he told me... "We'll have your wife working as a prostitute."

S.D. stated that:

> Jamal [the interrogator] grabbed the pistol and started to chase me, and said: "If you don't tell the truth, I'll empty the magazine into your head".... The jailer returned after a while and told me that I have until 11:00 p.m. to confess. If I do not, he said, they will take me to the room with the electricity. He said: "Ask your friend about that room. If electricity doesn't work, there are other means, like having you sit on bottles."

Iman Shihab testified:

> About an hour later, Abu Amjad came back. He untied my hands and ordered me to undress. I screamed and refused. He said: "If you don't take your clothes off, we'll do it for you." I took off my pants, blouse, and shoes, and stood there in my underwear.... They said: "Why don't you confess? Many have already confessed while sitting on this chair. We are going to go away now, and we'll come back in an hour. We'll bring you a piece of paper, and you'll write your confession. If not, we'll take you to the top of the mountain, and you don't know what will happen to you there. We'll put out an announcement that you are a collaborator and will distribute it where you live."[15]

M.Y. stated in his testimony:

> They told me I was going to be released, but they ordered me not to say anything about the interrogation. They said that if I did, the torture would be even worse the next time.

---

[14] His uncle was killed in August of 1994 by masked persons on the suspicion that he was a collaborator with Israel.

[15] During the Intifada, many Palestinians were injured by other Palestinians following rumors that they had collaborated with the Israeli authorities. See B'Tselem, Collaborators in the Occupied Territories: Human Rights Abuses and Violations, January, 1994.

A.F. stated:

> They untied my hands and legs and ordered me to drop my pajamas. I was left standing in my underpants.... Then they took me into the room and had me put my pajamas on.... The guy who put the gun to my head came into the room and said: "You don't want to talk, so you can stay here." He started to write something, and then said: "I am writing your confession, and I'll send it to Headquarters." He wrote: "I, A.F. admit that I have been working for the Shabak [GSS] since 1982" (at which time I was 14).... We went into one of the rooms, where they tied me to a window. One of them said: "Here is where we are going to finish you off".... Then they took me to the roof and said: "We are going to throw you over the side."

c. Sleep Deprivation

In some of the cases, PSS interrogators used various means to prevent the detainees from sleeping: painful tying-up night and day, imprisonment in a small cell in which one cannot lie down or sit comfortably, and regular deliberate disturbances by workers in the facility. The testimonies show that some of the interrogations lasted several hours, throughout the night and the following day.

I.I., who was detained for eight days, stated that throughout that period, he was able to sleep only three hours. A.F. was interrogated non-stop for three days.

S.D., who was jailed three days in a bathroom, testified:

> The interrogator... hooded me and ordered me to stand on one leg. This continued for three consecutive days.... Every five minutes the door opened so they could make sure I was standing on one leg.

d. Prevention of Medical Treatment

The testimonies show that detainees requiring medical care following brutal interrogation, or for any other reason, remain untreated.

Several people who testified claimed that the PSS does not allow the Red Cross to meet with, and medically examine, detainees. In cases where meetings with the Red Cross are allowed with detainees who had been injured during the interrogation, the detainees are warned not to tell the Red Cross visitors about their health condition.

S.D. stated:

> My friends, from a Christian family, requested that the Re Cross visit me, and they came, but before they arrived, Jama told me Red Cross personnel had come to visit me with a physician, and that I should not say anything about the beatings I had received. When the Red Cross people arrived, I did not let the physician examine me, and I said I was perfectly healthy. The physician saw signs of beatings and swellings on my face, and began to ask questions, but I only cried. I was in a terrible emotional state.

A.S.'s father said:

> A few days after they were arrested, I heard from some members of the Palestinian Military Police that my children were severely tortured by the PSS. A couple of days later my wife went to Jericho to visit my injured son... She requested that the Red Cross give him medical treatment, but the interrogator said: "We don't recognize the Red Cross or human rights organizations."

A.S. testified:

> They pulled me with this hand, which had 11 stitches in it [he was wounded before the arrest]. I also had medications I was taking, but they took them from me when I got to Jericho. Whenever I asked for them, they said: "After you confess."

Appendix B

NCIS

BRIEFING PAPER

**AN OUTLINE ASSESSMENT
OF THE THREAT AND IMPACT BY
ORGANISED/ENTERPRISE CRIME
UPON UNITED KINGDOM INTERESTS**

**NATIONAL CRIMINAL INTELLIGENCE SERVICE
LONDON HEADQUARTERS, PO BOX 8000
LONDON SE11 5EN**

THE PROVISIONAL IRA

The Provisional Irish Republican Army was formed in 1970. It sees publicity as a key means of furthering its aims of a unified Ireland with a 32-county socialist administration and so has concentrated many of its attacks on London where it is guaranteed the most attention. It favours attacks on poorly defended 'soft' targets connected with the military and political establishments. However recent events demonstrate it is directing its attention to disrupt the economic infrastructure, particularly by bombing outrages in the City. This could already be a prelude to activity witnessed in the Province, where failure to pay 'protection money' can result in bomb attacks.

Most of their money does indeed come from racketeering, extortion and bank robberies. Only a small proportion (less than £100,000 a year) comes from sympathizers at home and in the US. Income tax fraud in the construction industry is also a good source.

Much of this money, coupled with the risk of infiltration, finds its way into UK institutions. Any suspicions in this area must be reported to the Financial Desk of the National Criminal Intelligence Service, who will treat the matter sensitively.

THE ANIMAL LIBERATION FRONT

The UK based ALF is a highly motivated and efficient organization dealing with an emotive issue. Their attacks are on a wide range of establishments and businesses which have connections with food, animal products, or are suspected of using animals in testing. They have recently switched to attacking people connected in some way in this industry. This has included car bombs and incendiary devices.

MIDDLE EAST TERRORIST GROUPS AND STATES

The conglomeration of Palestinian movements under the umbrella of the Palestine Liberation Organization (PLO) are the richest of all terrorist groups. It is estimated that they have worldwide assets approaching $8-10 billion US and an annual income of about $1.5-2 billion US. Whilst the target of their attention remains Israel and Israeli interests, their activity frequently turns to European cities and London has not escaped various outrages, often financed and assisted by maverick states and factions such as Libya and Iraq. The current situation indicates that this will continue and that the fraud centres of

London and Frankfurt are ironically not only targets, but are used to handle the resources of these groups.

COUNTERFEIT CURRENCY

The United Kingdom's National Central Office for the Suppression of Counterfeit Currency was formed as a result of Article 12 of the Geneva Convention 1929.

The Convention states:

> in every country, within the frame work of its domestic law, investigations on the subject of counterfeiting should be organized by a central office.
>
> This central office should be in close contact:
>
> (a) with the institutions issuing currency;
>
> (b) with the police authorities within the country;
>
> (c) with the central offices of other countries.
>
> It should centralize, in each country, all information of a nature to facilitate the investigation, prevention and punishment of counterfeiting currency.

Until August 1990, the counterfeit problem in the United Kingdom was of little significance. What little counterfeit currency that was seen, was not UK sterling. The majority of counterfeit currency operations and intelligence at that time related to the USA dollar. Since then, however, there has been a large increase in counterfeit currency within the UK. This increase has been across the whole range of currencies.

Modern printing techniques mean that counterfeiting is now available to a much larger group of criminals and many have been tempted to have a go. Colour copier machines are now widely available in offices throughout the UK and there has been a corresponding rise in counterfeits produced on these machines, although they have not replaced traditional methods. However the quality of

NCIS

ORGANISED CRIME UNIT

AN OUTLINE ASSESSMENT OF THE THREAT AND IMPACT BY ORGANISED/ENTERPRISE CRIME UPON UNITED KINGDOM INTERESTS

SECOND BRIEFING - FEBRUARY 1994

NATIONAL CRIMINAL INTELLIGENCE SERVICE
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socialist administration and so has concentrated many of its attacks on London where it is guaranteed the most attention. It favours attacks on poorly defended 'soft' targets connected with the military and political establishments. However recent events demonstrate it is directing its attention to disrupt the economic infrastructure, particularly by bombing outrages in the City. This could already be a prelude to activity witnessed in the Province, where failure to pay 'protection money' can result in bomb attacks.

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THE PALESTINE NATIONAL COVENANT

(Al-Mihaq Al-Watani Al-Filastini)

ARTICLE 1

Palestine is the homeland of the Palestinian Arab people and an integral part of the great Arab homeland, and the people of Palestine is a part of the Arab Nation.

ARTICLE 2

Palestine with its boundaries that existed at the time of the British Mandate is an integral regional unit.

ARTICLE 3

The Palestinian Arab people possesses the legal right to its homeland, and when the liberation of its homeland is completed it will exercise self-determination solely according to its own will and choice.

ARTICLE 4

The Palestinian personality is an innate, persistent characteristic that does not disappear, and it is transferred from fathers to sons. The Zionist occupation, and the dispersal of the Palestinian Arab people as a result of the disasters which came over it, do not deprive it of its Palestinian personality and affiliation and do not nullify them.

ARTICLE 5

The Palestinians are the Arab citizens who were living permanently in Palestine until 1947, whether they were expelled from there or remained. Whoever is born to a Palestinian Arab father after this date, within Palestine or outside it, is a Palestinian.

ARTICLE 6

Jews who were living permanently in Palestine until the beginning of the Zionist invasion will be considered Palestinians.

ARTICLE 7

The Palestinian affiliation and the material, spiritual and historical tie with Palestine are permanent realities. The upbringing of the Palestinian individual in an Arab and revolutionary fashion, the undertaking of all means of forging consciousness and training the *Palestinian*, in order to acquaint him profoundly with his homeland, spiritually and materially, and preparing him for the conflict and the armed struggle, as well as for the sacrifice of his property and his life to restore his homeland, until the liberation -- all this is a national duty.

ARTICLE 8

The phase in which the people of Palestine is living is that of the national (Watani) struggle for the liberation of Palestine. Therefore, the contradictions among the Palestinian national forces are of a secondary order which must be suspended in the interest of the fundamental contradiction between Zionism and colonialism on the one side and the Palestinian Arab people on the other. On this basis, the Palestinian masses, whether in the homeland or in places of exile (*Mahajir*), organizations and individuals, comprise one national front which acts to restore Palestine and liberate it through armed struggle.

ARTICLE 9

Armed struggle is the only way to liberate Palestine and is therefore a strategy and not tactics. The Palestinian Arab people affirms its absolute resolution and abiding determination to pursue the armed

struggle and to march forward toward the armed popular revolution, to liberate its homeland and return to it, [to maintain] its right to a natural life in it, and to exercise its right of self-determination in it and sovereignty over it.

ARTICLE 10

Fedayeen action forms the nucleus of the popular Palestinian war of liberation. This demands its promotion, extension and protection, and the mobilization of all the mass and scientific capacities of the Palestinians, their organization and involvement in the armed Palestinian revolution, and cohesion in the national (Watani) struggle among the various groups of the people of Palestine, and between them and the Arab masses, to guarantee the continuation of the revolution, its advancement and victory.

ARTICLE 11

The Palestinians will have three mottoes: National (*Wataniyya*) unity, national (*Qawmiyya*) mobilization and liberation.

ARTICLE 12

The Palestinian Arab people believes in Arab unity. In order to fulfill its role in realizing this, it must preserve, in this phase of its national (*Watani*) struggle, its Palestinian personality and the constituents thereof increase consciousness of its existence and resist any plan that tends to disintegrate or weaken it.

ARTICLE 13

Arab unity and the liberation of Palestine are two complementary aims. Each one paves the way for realization of the other. Arab unity leads to the liberation of Palestine, and the liberation of Palestine leads to Arab unity. Working for both goes hand in hand.

ARTICLE 14

The destiny of the Arab nation, indeed the very Arab existence, depends upon the destiny of the Palestine issue. The endeavor and effort of the Arab nation to liberate Palestine follows from this connection. The people of Palestine assumes its vanguard role in realizing this sacred national (*Qawmi*) aim.

ARTICLE 15

The liberation of Palestine, from an Arab viewpoint, is a national (*Qawmi*) duty to repulse the Zionist, imperialist invasion from the great Arab homeland and to purge the Zionist presence from Palestine. Its full responsibilities fall upon the Arab nation, peoples and governments, with the Palestinian Arab people at their head.

For this purpose, the Arab nation must mobilize its military, human, material and spiritual capabilities to participate actively with the people of Palestine. They must, especially in the present stage of armed Palestinian revolution, grant and offer the people of Palestine all possible help and every material and human support, and afford it every sure means and opportunity enabling it to continue to assume its vanguard role in pursuing its armed revolution until the liberation of its homeland.

ARTICLE 16

The liberation of Palestine, from a spiritual viewpoint, will prepare an atmosphere of tranquility and peace for the Holy Land, in the shade of which all the holy places will be safeguarded, and freedom of worship and visitation to all will be guaranteed, without distinction or discrimination of race, color, language or religion. For this reason, the people of Palestine looks to the support of all the spiritual forces in the world.

ARTICLE 17

The liberation of Palestine, from a human viewpoint, will restore to the Palestinian man his dignity, glory and freedom. For this, the Palestinian Arab people looks to the support of those in the world who believe in the dignity and freedom of man.

ARTICLE 18

The liberation of Palestine, from an international viewpoint, is a defensive act necessitated by the requirements of self-defense. For this reason, the people of Palestine, desiring to befriend all peoples, looks to the support of the states which love freedom, justice and peace in restoring the legal situation to Palestine, establishing security and peace in its territory, and enabling its people to exercise national (*Wataniyya*) sovereignty and national (Qawmiyya) freedom.

ARTICLE 19

The partitioning of Palestine in 1947 and the establishment of Israel is fundamentally null and void, whatever time has elapsed, because it was contrary to the wish of the people of Palestine and its natural right to its homeland, and contradicts the principles embodied in the Charter of the United Nations, the first of which is the right of self-determination.

ARTICLE 20

The Balfour Declaration, the Mandate Document, and what has been based upon them are considered null and void. The claim of a historical or spiritual tie between Jews and Palestine does not tally with historical realities nor with the constituents of statehood in their true sense. Judaism, in its character as a religion of revelation, is not a nationality with an independent existence. Likewise, the Jews are not one people with an independent personality. They are rather citizens of the states to which they belong.

ARTICLE 21

The Palestinian Arab people, in expressing itself through the armed Palestinian revolution, rejects every solution that is a substitute for a complete liberation of Palestine, and rejects all plans that aim at the settlement of the Palestine issue or its internationalization.

ARTICLE 22

Zionism is a political movement organically related to world imperialism and hostile to all movements of liberation and progress in the world. It is a racist and fanatical movement in its formation; aggressive, expansionist and colonialist in its aims; and Fascist and Nazi in its means. Israel is the tool of the Zionist movement and a human and geographical base for world imperialism. It is a concentration and jumping-off point for imperialism in the heart of the Arab homeland, to strike at the hopes of the Arab nation for liberation, unity and progress.

Israel is a constant threat to peace in the Middle East and the entire world. Since the liberation of Palestine will liquidate the Zionist and imperialist presence and bring about the stabilization of peace in the Middle East, the people of Palestine looks to the support of all liberal men of the world and all the forces of good progress and peace; and implores all of them, regardless of their different leanings and orientations, to offer all help and support to the people of Palestine in its just and legal struggle to liberate its homeland.

ARTICLE 23

The demands of security and peace and the requirements of truth and justice oblige all states that preserve friendly relations among peoples and maintain the loyalty of citizens to their homelands to consider Zionism an illegitimate movement and to prohibit its existence and activity.

ARTICLE 24

The Palestinian Arab people believes in the principles of justice, freedom, sovereignty, self-determination, human dignity and the right of peoples to exercise them.

ARTICLE 25

To realize the aims of this Covenant and its principles the Palestine Liberation Organization will undertake its full role in liberating Palestine.

ARTICLE 26

The Palestine Liberation Organization, which represents the forces of the Palestinian revolution, is responsible for the movement of the Palestinian Arab people in its struggle to restore its homeland, liberate it, return to it and exercise the right of self-determination in it. This responsibility extends to all military, political and financial matters, and all else that the Palestine issue requires in the Arab and international spheres.

ARTICLE 27

The Palestine Liberation Organization will cooperate with all Arab states, each according to its capacities, and will maintain neutrality in their mutual relations in the light of, and on the basis of, the requirements of the battle of liberation, and will not interfere in the internal affairs of any Arab state.

ARTICLE 28

The Palestinian Arab people insists upon the originality and independence of its national (Wataniyya) revolution and rejects every manner of interference, guardianship and subordination.

ARTICLE 29

The Palestinian Arab people possesses the prior and original right in liberating and restoring its homeland and will define its position with reference to all states and powers on the basis of their positions with reference to the issue [of Palestine] and the extent of their support for [the Palestinian Arab people] in its revolution to realize its aims.

ARTICLE 30

The fighters and bearers of arms in the battle of liberation are the nucleus of the Popular Army, which will be the protecting arm of the Palestinian Arab people.

ARTICLE 31

This organization shall have a flag, oath and anthem, all of which will be determined in accordance with a special system.

ARTICLE 32

To this Covenant is attached a law known as the Fundamental Law of the Palestine Liberation Organization, in which is determined the manner of the organization's formation, its committees, institutions, the special functions of every one of them and all the requisite duties associated with them in accordance with the Covenant.

ARTICLE 33

This Covenant cannot be amended except by a two-thirds majority of all the members of the National Council of the Palestine Liberation Organization in a special session called for this purpose.

ALFONSE M. D'AMATO
NEW YORK

United States Senate

WASHINGTON, DC 20510-3202

June 12, 1995

Dear Colleague:

I am writing to ask for your support and co-sponsorship of the Middle East Peace Compliance Act of 1995.

This Act is intended to bolster peace in the Middle East by making any U.S. assistance to the Palestinians in Gaza and Jericho contingent upon the strict compliance of the Palestine Liberation Organization (PLO) with both the *letter* and *spirit* of the commitments it has made since the signing of the Declaration of Principles (DoP).

I believe that the U.S. has a national security interest in the promotion of peace and stability in the Middle East. A secure, lasting and verifiable peace benefits the United States, the Palestinians, and the closest U.S. ally in the region, Israel.

It is the purpose of this legislation to ensure that the chance for peace in the Middle East is strengthened through the strict adherence by the PLO to the succession of legally binding commitments made pursuant to the Declaration of Principles as well as subsequent pledges to the President and Vice-President of the United States.

The Administration is seeking authority from Congress which would permit the President to provide the balance of $500 million in U.S. assistance to the Palestinian Authority. It is our strong belief that it may do so even without substantial PLO compliance with its commitments and without effective U.S. Government oversight.

The Middle East Peace Compliance Act of 1995 would grant temporary authority to the President to waive certain provisions of U.S. law which currently prohibit U.S. assistance from supporting activities of the PLO. The Act would replace the Middle East Peace Facilitation Act of 1993, as amended, which is set to expire at the end of this month.

Key provisions of the new Compliance Act would:

* Require that U.S. assistance be used only for humanitarian projects to benefit Palestinians living under the control of the Palestinian Authority. All assistance must be channeled only through U.S. Government agencies or private voluntary organizations (PVO's);

* Condition any U.S. assistance to the Palestinians living in Gaza and Jericho upon full financial and managerial accountability;

* Require the President to certify that no aid will go to individuals suspected of having harmed American citizens, while requiring that the PLO assist in the apprehension of, and extradition to the U.S., of all such individuals now, or previously under its control;

* Direct the President to provide specific counter-terrorism technology and technical assistance to Israel; and

* Require that the PLO pay compensation to U.S. victims of terrorism committed with PLO support and under its direction.

While Israel has made strenuous efforts to live up to its commitments under the DoP, the PLO has not. I believe that under these circumstances, the PLO should not be rewarded with U.S. assistance. Its flagrant violations of both the DoP and its pledges to U.S. Government officials, as well as its apparent unwillingness, or inability, to meet even the most minimal standards of compliance, should make the PLO and the Palestinian Authority ineligible to receive U.S. support. Only a significant change in the level of compliance, as detailed in the Middle East Peace Compliance Act of 1995, would qualify the Palestinian Authority to obtain further U.S. assistance.

Indeed, since the signing of the DoP, there have been 651 casualties due to terrorism in Israel, more the twice the number killed and injured during a similar period prior to the signing.

Once again, in order to ensure that only PLO compliance, not terrorism, is rewarded with American dollars, we ask that you support our efforts to seek the swift enactment of the Middle East Peace Compliance Act of 1995 and hope that you will consider becoming a co-sponsor of this vitally important legislation.

If you wish to co-sponsor this legislation, please contact Gregg Rickman of my staff at x 4-8358 for additional information to or join as a co-sponsor to the Middle East Compliance Act of 1995.

Sincerely,

Alfonse D'Amato

Alfonse M. D'Amato
United States Senator

AMD:gjr

PEACE WATCH מבט לשלום

Press Release - 17 October 1995

Report on Financial Issues Facing PA and Donors Reveals Erosion of Standards for PA's Economic Decisionmaking and Accountability

A number of the initial demands made by the donor nations that financial decisions of the Palestinian Authority (PA) be made on the basis of economic considerations and sound accounting practices have been weakened or abandoned in recent months, according to a Peace Watch report released today, on the eve of the donors' conference to be held in Paris on 18-19 October.

According to the report, the Palestinian Economic Council for Development and Reconstruction (PECDAR), which was established according to criteria set by the World Bank and the donor nations, has been reduced to a shadow of its intended role. PECDAR was supposed to disburse hundreds of millions in dollars in the last two years on infrastructure development, whereas estimates for the total actually spent range only from $18 million to $60 million. PECDAR's role in disbursing money from the World Bank's Holst Fund for PA operating expenses will be transferred to the PA's Ministry of Finance, headed by Muhammad Nashashibi. It was also reported this month that the PA plans to set up a new Palestinian Economic Council, which will take over some PECDAR functions and inject a political focus into decisionmaking.

The World Bank's Holst Fund has encountered other difficulties in recent months. A number of European nations now contribute money for the PA's operating expenses directly to PA ministries, and World Bank officials no longer receive complete reports of these transfers. Due in part to problems at the Holst Fund, the PA took out about $30 million in loans from Palestinian and Jordanian-owned banks during the summer to cover salaries; though the Holst Fund has subsequently forwarded the money, the PA has not yet repaid the loan to the banks.

At the meeting to be held in Paris tomorrow and Thursday, 18-19 October, one of the principal issues to be discussed is the special "police fund," which channels the donor nations' contributions via UNRWA to pay salaries of the Palestinian Police. In light of the planned expansion of Palestinian security forces in the wake of the Oslo 2 accords, Palestinian economic sources told Peace Watch that the PA plans to ask for an increase of $15 million a month in the donors' subsidies for police salaries. A more optimistic view presented to Peace Watch by other sources indicated the PA's budget would rise from $444 million in 1995 to $590 million in 1996, but that the operating deficit which the donor nations would have to cover would shrink due to higher estimated receipts from taxes.

A second issue expected to be discussed in Paris is the industrial parks project. According to a World Bank/PECDAR report on this subject obtained by Peace Watch, "Industrial Estates and Enabling Environment for Private Sector Development for the West Bank and Gaza," the project will cost a total of $920 million, of which private investors are expected to put in $140 million, the donor nations $95 million, the World Bank $37 million, and the PA $83 million, the latter mostly in the form of real estate. The project is being held up, among other reasons, by objections from PA ministers including Arafat, and by reluctance on the part of Palestinian investors.

For copies of the report, or for additional details, call Moti Inbari at (02) 617726, or via beeper, 294446, 636997.

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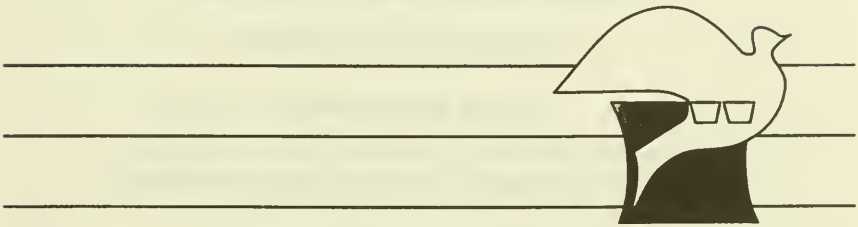
PEACE WATCH REPORT



Economic Issues Facing the Palestinian Authority and the Donor Nations

ISSUED OCTOBER 17, 1995

PEACE WATCH

An independent non-partisan organization monitoring the implementation
of the agreements signed by Israel and the PLO.

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INTRODUCTION

The "Oslo euphoria" that swept through much of the world in the days immediately following the signing of the Declaration of Principles between the PLO and Israel in September 1993 found its economic expression in the first "donor nation conference" which was held in Washington on 1 October 1993. At that inaugural conference, at Israel's urging and under the leadership of the US, the major industrial nations of the world pledged to grant or loan the soon-to-be created Palestinian Authority (PA) a total of $2.4 billion over five years. This monetary assistance was meant to provide the PA with the money to finance a major infrastructure campaign in the territories, with the goal of creating a rapidly growing economy which, together with other anticipated "fruits of peace," would bring the Palestinian population squarely behind a reconciliation with Israel.

Now, two years later, the donor nations are holding a conference on 18-19 October 1995 in Paris to discuss the future of financial assistance to the PA, in light of the extension of Palestinian autonomy to the West Bank. The present moment is therefore an appropriate time to assess the state of the aid effort to the Palestinians to date, and to analyze what the central issues are which will shape this conference and the aid effort expected to come from it.

Peace Watch, as part of its mandate to monitor the implementation of the accords between Israel and the PLO, has published comprehensive reports on the financial condition of the Palestinian Authority in November 1994 and March 1995, as well as a number of updates. These reports placed special emphasis on the evolution of the competing conceptions which various donor nations and organizations developed regarding the disbursement of financial assistance to the Palestinian Authority, as well as on the different schools of thought among Palestinian political figures and economists. The reports analyzed the conflicts which developed, and the effects they

had on the financial situation of the PA, the failure of the full aid package to arrive, and the abandonment of many of the initial goals.

This report continues along similar lines of analysis. Chapter One describes the two principal schools of thought, and explains how in the last several months the view shared by Yasser Arafat, a number of ministers in the Palestinian Authority, and several key European nations has gained the upper hand against the competing conception of the World Bank, the US, and the Palestinian Economic Council for Development and Reconstruction (PECDAR). Chapter Two describes the major issues facing the donor nations as they meet in Paris.

This report is based on material collected from highly-placed sources in the Palestinian Authority, Israel, and among the donor nations, from careful monitoring of press reports which have appeared in Palestinian papers, from World Bank publications, and from published and unpublished documents.

CHAPTER ONE
SIGNIFICANT RECENT DEVELOPMENTS

Several of the key assumptions underlining the October 1993 donors' conference have not been realized in the intervening two years. Although there are numerous disputes concerning the details, there is wide agreement concerning two points: not all of the money which was pledged was given; and the overwhelming majority of the money which was received has been used for meeting the operating expenses of the Palestinian Authority and its police force, rather than for infrastructure and development.

One of the central claims of this report, which is not yet accepted by all observers, concerns a third key development: the goal of establishing a system of donations and investments which would operate according to economic considerations has essentially been abandoned, and accountability and transparency are playing a decreasingly significant role. Understanding all three of these points requires a brief analysis of the two major schools of thought.

The two principal schools of thought

The United States and the World Bank, who took the initial lead in the donation effort, emphasized their political and economic views in shaping donation policy. They supported private enterprise over massive government projects and demanded the establishment of organizations composed of professional economists to oversee the disbursement of donor funds in accordance

with high standards of "transparency and accountability." Out of concern that PLO and PA Chairman Yasser Arafat would divert donor funds to further his political aims rather than make use of the money for economic development, the World Bank and the US insisted on the establishment of PECDAR, the Palestinian Economic Council for Development and Reconstruction, a professional body that would ensure "transparency and accountability." Under their conception, PECDAR was to become the principal economic address in the Palestinian Authority, handling the disbursement of the foreign donations, running major infrastructure projects, and assisting international investors interested in identifying Palestinian enterprises for investment purposes.

Even before PECDAR's establishment in November 1993, a comprehensive five-year plan for the development of the Palestinian economy was prepared by a team of prominent Palestinian economists headed by Dr. Yusuf Sayegh. The plan called for relatively liberal and decentralized PA economic policies, and received World Bank backing. PECDAR's Operational Management Team was headed by Abu Alaa, who supported the basic approach of the US and the World Bank, and who later became the Palestinian Minister of Economics as well. Under his direction, PECDAR attempted to carve out a role for itself largely independent of the other ministries in the PA and of Yasser Arafat.

PECDAR received an additional boost in June 1994 with the creation of the World Bank's Holst Fund, whose purpose was to assist the PA in meeting its operating expenses. The Holst Fund collects funds from the donor nations and passes them on to PECDAR, which then disburses them to pay the salaries of PA employees. Although the initial donor nation pledges were intended to cover infrastructure and development, the Holst Fund was established at the urging of Israeli Foreign Minister Shimon Peres after it became apparent that the PA would not be capable of covering its operating expenses through tax revenues, and would need foreign assistance in closing a very large budget deficit. A separate "Police Fund" was established through the United Nations Relief Works Agency (UNRWA) to pay the salaries of Palestinian policemen.

The semi-independence of PECDAR from the PLO and the PA provoked efforts to limit and neutralize its authority, chiefly from Yasser Arafat and from Nabil Sha'ath, the PA Minister of International Cooperation and Planning. Arafat complained repeatedly about having to answer to Western demands of accountability, which he said was a demeaning limitation of his author-

ity. In addition, Arafat preferred large-scale projects which created symbols of Palestinian sovereignty over the less ambitious, private enterprise projects backed by the US and the World Bank. After substantial efforts, Arafat and Sha'ath persuaded many of the European nations to back them in setting priorities and disbursement channels different from those of the World Bank.

Over the past two years, two competing "conceptual camps" have emerged. The US, the World Bank, Abu Alaa and PECDAR have a joint concept on the disbursement of monetary aid to the Palestinian Authority. On the other side, Yasser Arafat, Nabil Sha'ath, Palestinian Finance Minister Muhammad Nashashibi, and European nations, compose the opposing camp. For the purposes of this report, "European nations" refers to the leading members of the EU, such as France, Germany and Italy. The UK has generally followed the lead of the US, and the Scandinavian nations have their own separate approach.

The decline of the World Bank/US position

In this struggle, the US and the World Bank have in effect yielded to the competing side. World Bank officials have officially denied the correctness of this assessment, but sources within the World Bank and the PA have confirmed it in not-for-attribution conversations with Peace Watch. The assessment is also supported by four recent developments, as detailed below.

1. Reduced Role for PECDAR

PECDAR has effectively been reduced to a shadow of its intended role and position. According to Nabil A-Shariff, deputy director of PECDAR, quoted in an article which recently appeared in *Al-Quds*, PECDAR has financed a total of only $18 million in projects since its inception.[1] It should be noted that this figure relates only to projects contracted and managed by PECDAR, and not money that was funneled through PECDAR, such as Holst Fund transfers. Other high ranking Palestinian sources contradict this and claim that the correct total is over $60 million.

[1] *Al-Quds*, 8 October 1995, page 4.

In any event, either figure is a small sum of money relative to initial expectations, and underscores the extent to which PECDAR has been neutralized as a force in Palestinian economics. The projects currently being managed by PECDAR include: public cleaning projects in Gaza, public gardening, material and manpower supplies to municipalities, school and hospital maintenance, and sidewalk construction. Even PECDAR officials quoted by *Al-Quds* admit that some of these projects are "make-work" in intent—i.e., they add little to the development of the local economy, and aim primarily to keep down unemployment rates.[2]

Yusuf Sayegh's long-term plans have been permanently shelved, and Arafat has consistently blocked attempts to grant Dr. Sayegh the role of director of PECDAR. Instead, Arafat has placed Nabil Sha'ath on PECDAR's Board of Directors. According to Palestinian economic sources, World Bank and PA representatives agreed in July 1995 to a proposal put forward by Yasser Arafat that in the near future money disbursed by the Holst Fund would be handled by Nashashibi's Ministry of Finance, rather than PECDAR, as was the past custom. This is an additional reduction in PECDAR's status, and indicates a retreat from past donor demands that standards of transparency and accountability be maintained, since they argued that keeping PECDAR involved in disbursements was the best method to insure that such standards would be met. High-ranking officials in the World Bank, it should be stressed, have vehemently denied this report. Holst Fund and World Bank officials argue further that "PECDAR was meant to be a temporary organization all along, until the PA's ministries proved established enough to take on its roles"—although these officials deny that the transition away from PECDAR has already occurred.[3]

Significantly, there were no PECDAR representatives in the recent preparatory donor conference held in Washington, DC. In contrast to past sessions, Nabil Sha'ath was also noteworthy in his absence. Instead, those attending on the Palestinian side were Yasser Arafat and Muhammad Nashashibi.

[2] *Al-Quds*, 8 October 1995, page 4.

[3] Peace Watch interview with World Bank sources on 15 September 1995.

2. Establishment of a Palestinian Economic Council

In a recent development, according to *Al-Quds*, the PA announced on 9 October 1995 its intent to establish a new Palestinian Economic Council. This seems to confirm reports of the imminent demise of PECDAR. Abu Alaa is officially named as the director of the new council, but he is directly subordinate to Yasser Arafat, in contrast to the partial independence he enjoyed at PECDAR. According to *Al-Quds*, PA officials openly admit that political considerations will be taken into account in the new council's activities, in accordance with Yasser Arafat's discretion.[4]

3. Problems at the Holst Fund

Palestinian economic sources have told Peace Watch that some European nations have stopped donating money to the Holst Fund, and are donating money directly to the ministries of the Palestinian Authority without going through either the World Bank or UN agencies. The Europeans also insist that more money go to investment projects rather than towards operating expenses. Senior World Bank officials have told Peace Watch that they no longer receive complete reports on direct European monetary transfers to PA ministries, which effectively means that there is no one body which can coordinate or control such monetary assistance. In contrast, the US is still committed to supporting PA operating expenses. It is hoped by the US that Saudi Arabia can make up for some of the lost European donations to the Holst Fund.

Saudi Arabia has emerged lately, at least on paper, as an increasingly important player among the donor nations. In addition to supplying major funds to the Holst Fund, Saudi Arabia has pledged to be the lead donor in covering the salaries of the Palestinian Police Force, alongside Norway and Denmark, via a special fund managed by UNRWA. However, Peace Watch has learned that the Saudis have not been giving the full sum of money pledged to cover police salaries since April 1995, which has caused difficulties with the payment of these salaries. The Netherlands has been called in to make up the difference in the meanwhile.

Odin Knudsen, director of the World Bank, has invested substantial efforts in strengthening the ties between the Holst Fund and the Gulf states, conducting a comprehensive tour of Saudi

[4] *Al-Quds*, 10 October 1995, page 3.

Arabia and the Gulf states in September 1995. The US has also been trying to persuade the Saudis to release a fund, estimated to be as high as $200 million, which had been raised by Faisal Al-Husseini last year, for the most part to support Palestinian projects in Jerusalem. The fund was frozen at Arafat's insistence, and none of the money has been disbursed. The Americans are in favor of the frozen money being granted to the PA, but the Saudis are apparently still demurring over the matter. In the meantime, the "Jerusalem Fund" money is frozen in an account in the Islamic Bank in Jiddah, Saudi Arabia.

As revealed in previous Peace Watch releases, according to Palestinian economic sources, the Holst Fund was temporarily frozen during part of the month of June due to the PA's insistence that PECDAR no longer be responsible for the disbursement of its funds. This was denied by high-ranking officials in the World Bank, but reconfirmed by Peace Watch via its sources. The Holst Fund's operations are dependent on a formal agreement between the PLO and the World Bank, and the fund could not be fully operated in June because the renewal of the agreement was delayed.

During this time, some of the salaries paid by the PA to its employees were covered by about $30 million in loans that the PA took from Palestinian and Jordanian-owned banks in the West Bank, according to banking sources in the West Bank. It was only after the World Bank agreed in principle that Muhammad Nashashibi's Finance Ministry take over PECDAR's role that the fund was reactivated, and June payments, which had been in arrears, were covered. The PA, it should be noted, has not yet repaid the loans it initially took to pay the salaries that were eventually covered by Holst Fund payments, and it is unclear to what use the loan money has been put in the meanwhile. Banking sources have told Peace Watch that the PA has indicated it will "repay" the loans by reducing future tax levies on the banks by the amount of the loans.

Palestinian economists have privately expressed doubts to Peace Watch over whether the Finance Ministry is properly organized to take on the task of disbursing Holst Fund transfers. Representatives of the International Monetary Fund have been working intensively with staff members of the Finance Ministry to prepare them for their new responsibilities. It is not clear whether the IMF and World Bank are yet satisfied with the progress made.

Following the decision last June to transfer responsibility for Holst Fund disbursements from PECDAR to Muhammad Nashashibi's Ministry of Finance, it was also agreed, at the insistence

of the donor nations, that the Finance Ministry and the Holst Fund would undergo an audit managed by the international accounting firm Touche-Ross-Saba. The delay in waiting for the completion of this audit is one reason among many that the transfer of responsibility for Holst Fund disbursement is being held up.

4. Shift Away From Private Enterprise to Large-Scale Projects

Grandiose projects, such as the construction of a port in Gaza City, are being given serious consideration by the donor nations, and are even gathering the interest of the US. This is a significant shift, because the US and World Bank were long opposed to such projects, considering them to be less desirable than channeling assistance to smaller private enterprises. Dennis Ross, the US State Department official coordinating Middle East peace efforts, told the Israeli daily *Ha'aretz* on 27 September 1995 that with respect to the Palestinian economy: "The donor nations have learned a lesson....The experience we gained over the past year and a half served to improve our understanding as to the best use of the money ... instead of concentrating on small projects, we will deal from now on mainly in large projects."[5] It is also noteworthy that Nabil Sha'ath is the main political patron of the port project, which is competing for attention and funds with another proposed project, the industrial parks initiative, patronized by Abu Alaa.

Conclusion

In the months leading up to the October 18-19 meeting of the donor nations in Paris, there has been an erosion, though not a collapse, of the positions which have been championed by the United States, the World Bank, and the Palestinian economists and politicians involved in PECDAR. This erosion, as detailed above, has been expressed in a number of areas. As the next chapter makes clear, however, a number of points of dispute remain between the two competing camps, and the addressing of these issues is likely to play a prominent role in the Paris conference.

[5] *Ha'aretz*, 28 September 1995, page A3.

CHAPTER TWO

ISSUES TO BE ADDRESSED BY THE DONOR CONFERENCE IN PARIS

A. Addressing differences between the US and European positions on priorities for development

The upcoming donor conference in Paris is expected to be only the first of a series of three conferences, all to be held in Paris. In addition to the October conference, which begins tomorrow, further conferences are scheduled for November and December of this year, according to Palestinian economic sources.

In preparation for the October 18-19 conference in Paris, officially entitled the conference of "the Consultative Group-CG," the "Ad-Hoc Liaison Committee-AHLC" of the donor nations held a conference in Washington, DC. immediately after the signing of the Oslo 2 agreement on 28 September 1995. The Ad Hoc Liaison Committee is a smaller forum of representatives of the donor nations, which meets more frequently than the full plenum of the Consultive Group. Although the Ad Hoc Committee only debates issues and does not make formal decisions, its sessions serve as important indicators of the thinking of the larger group.

On the basis of the AHLC conference in Washington, it appears likely that the rift between the two camps will continue to play a major role in the Paris deliberations. Although the World

Bank, as noted in Chapter One, has partially conceded to Arafat's point of view on the conceptual level, there are still differences of opinion in at least two respects. First, the US issued a statement re-affirming its commitment to both the general "donor group goal" of assisting the PA with $2.4 billion in aid over five years, and the specific US promise of $500 million. The Europeans pointedly refrained from joining in such a statement. The Clinton Administration has asked that the Europeans be made aware that Congressional support for foreign aid to the PA, which is currently a subject of debate, will waver further if Congressional members sense that the US is being asked to bear more of a relative burden than it originally undertook.

Second, US hopes that the Europeans would adopt a number of World Bank development initiatives were not realized, with the Europeans sticking to plans of their own. The World Bank's projects are an updated version of EIP (Emergency Implementation Program), a set of projects initially composed in the winter and spring of 1995, which was further divided into EAP (Emergency Assistance Program) and ERP (Emergency Rehabilitation Program), the latter of which was slated to provide $128 million for what the World Bank felt were most urgently needed projects such as roads, schools, hospitals and water supplies. Some new emphases have been added, particularly on developing tourism in the Middle East. Indeed, on 29 September 1995, an agreement was reached among various parties to form a new Middle East/Mediterranean Travel and Tourism Association.

According to an *Al-Quds* article which appeared on 24 September 1995, among other projects to be discussed at the conference are: (1) water supply projects, particularly desalination programs and water pipe supply and maintenance; (2) independent electric power provision for the PA; (3) waste disposal projects; (4) road construction and maintenance, especially Route 4 in the Gaza Strip; (5) construction of a large public port along the seashore in Gaza; (6) establishment of industrial parks; (7) assistance to Palestinian municipalities; (8) encouraging banking in the PA; (9) projects to encourage Palestinian economic experts living abroad to assist in efforts to develop the PA's economy.

Yasser Arafat listed his preferred projects during the AHLC meeting, indicating that the Palestinians view the construction of sea and air ports in Gaza, industrial parks, an independent Palestinian electricity grid, water development and housing development as their top priorities.

Regarding one European-backed project, the sea port in Gaza, American opposition seems to have disappeared for the most part. The idea of constructing a sea port in Gaza has long been favored by Arafat, in large part because the symbolism of sovereignty and independence that would come with such a port is attractive. The US and World Bank have in the past been opposed, considering it an expensive project which would not grant as much economic benefit as other projects.

Lately, however, the US has come around to agreeing with the importance of such a project, in part because of Palestinian claims that an independent Palestinian outlet for exports is necessary in light of the frequent Israeli closures of the Gaza Strip. There are indications that the US might even ask that American firms be involved as contractors in the project.

With a US green light in place, feasibility studies have been executed regarding the construction of the port, and some European contractors have been lined up, including the firms of Balast Nipam, Spie Batingolls, and Hochtip. An initial budget, covering only the first stage of studies, preparatory work, and initial groundbreaking, has been set at $72 million. On 29 September 1995, a meeting was held involving the major players in the project, representing Germany, the Netherlands, France, several European banks, and the Palestinian Ministry of Planning and International Cooperation. According to Ali Sha'ath, chairman of the project, groundbreaking could take place as early as next March.[6]

B. The industrial parks project

An American-backed project almost certain to be discussed in Paris is the industrial parks. Until now, the sea port in Gaza, backed by Nabil Sha'ath, and the establishment of "industrial parks," pushed by Abu Alaa, have been viewed as mutually exclusive projects, with the expectation being that one or the other would be adopted. Although American opposition to the Gaza sea port has effectively been dropped, the projects are still likely to compete for the same resources. By way of example, there are two competing plans to invest resources in repaving roads around the pro-

[6] *Al Khayat Al Jadeed*, 29 September 1995, page 3.

posed site of the Gaza sea port, or to reactivate the old railroad line between the Israeli port town of Ashdod and the Gaza Strip. Paving roads around the port would make the construction of the port itself more viable, while reactivating the rail line could obviate the need for such a port, since Palestinian import and export needs, the latter stemming from Gaza-based industrial parks, could be served by the rail link with the Ashdod port.

The need to divide resources between the Gaza sea port and the industrial parks is among the many reasons, some of which are detailed at the end of this section, why the industrial parks project is likely to encounter opposition in Paris.

A report on industrial parks, entitled "Industrial Estates and Enabling Environment For Private Sector Development For The West Bank And Gaza," has been composed by the World Bank with the assistance of PECDAR. The report details the need for industrial parks, and sets out their general structure. The idea behind them is that the parks will be "islands" of stability and trade within the PA, unaffected by security and economic conditions outside themselves. The report foresees the potential employment of between 20,000 and 100,000 persons in the industrial parks.

Three types of industrial parks are envisioned: "border estates," located on the border between Palestinian areas and Israel, "local estates" located entirely in Palestinian territory, and smaller "municipal industrial complex workshops" in cities.

The border estates would be built on large tracts of land abutting Israel, effectively creating a free trade zone between Israel and the PA. The idea behind this is to enable joint Israeli-Palestinian ventures to operate in an environment where Israelis and Palestinians could work together with minimal concerns about physical security. An important component of the planning is that security forces other than the Palestinian police would be responsible for security in these estates, in order to allay Israeli fears. In addition, maximal conditions of freedom of movement will have to be ensured. The border estates would be export-oriented, but involve many Israeli and Palestinian subcontractors.

Local estates would concentrate on producing for the internal Palestinian markets, and would be smaller than the border estates. Municipal industrial complexes would be built on municipal land and meant for small workshops and light industries.

Particular emphasis is placed on the industrial park to be situated in Jenin, a city in the northern West Bank. Jenin is located 40 kilometers from the international sea port in Haifa and 30 kilometers from the Jordanian border, making it an ideal spot for three-way Israeli, Palestinian and Jordanian export-oriented operations. In anticipation of the construction of an industrial park in Jenin, enterprising investors, including Jordanians, have already purchased tracts of land in Jenin. The Jordan Bank and the Islamic Bank have expressed interest in the Jenin project and have agreed to raise $80 million in investments to that end.

The main border estate in the Gaza Strip would be located in Karnei. PADICO, a Palestinian-owned company with ties to Abu Alaa, is slated to be the main contractor involved in the project. An alternative site for a border estate could be the Erez checkpoint. A Karnei industrial park would likely be tied to any future Gazan port, while a park at the Erez checkpoint would naturally be inclined to make use of the Israeli port at Ashdod.

The "Estates" report cites two conditions for the success of the project: the establishment of an autonomous directorate for the industrial parks, and the provision of guarantees and incentives for investors. The report also details solutions for these two problems, as follows.

An independent directorate called PIEA (the Palestinian Industrial Estates Authority) is envisioned. The independence of the directorate is important in order to guarantee investors that economic considerations rather than political ones play the major role in the industrial parks, with clear and stable rules established by PIEA.

As an extra "insurance policy," the establishment of MIGA (Multilateral Investment Guarantee Agency) is also envisioned, to ensure that proper conditions exist to protect investors from large losses. According to a poll conducted by the World Bank among potential investors in the PA, the main subjects of anxiety investors indicate are: administrative corruption, personal security, political considerations crowding out economic ones and taxation issues. PIEA and MIGA are meant to reduce these anxieties. Particular emphasis would be placed on ensuring that the industrial parks enjoy substantial VAT and customs reductions.

Initial outlays, for the establishment of parks in Jenin and Karnei, as well as a park in Nablus, are estimated at $200 million. Total costs for the establishment of nine border estates and six local

estates would run to $920 million. Initial start-up funds would be divided as follows: $20 million from donor nations; $10 million from the World Bank; $150 million in private capital; and $20 million from the Palestinian Authority, mostly in the form of real estate. For the full plan, the division is planned as follows: donors, $95 million; World Bank, $37 million; private capital investments, $705 million; and the PA, $83 million, again mostly in real estate. Israel will obviously also be required to be heavily involved in coordinating funding and planning.

Despite the World Bank's optimism and the strong backing given to the project by Israel and the US, Peace Watch sources report that the industrial parks project is likely to run into serious opposition from within the PA itself, which will impact on the chances of its being adopted in Paris. This opposition has a number of sources, and rationales.

Establishing zones in which substantial tax and customs reductions are granted to large industrial concerns is unpopular among many governmental decisionmakers, who fear the loss of revenue. Placing security in parks located within the PA in the hands of security forces independent of the Palestinian police is likewise problematic for the PA, as it impinges on sovereignty. Finally, an independent PIEA, managed by Abu Alaa, would run into the same constellation of opposing forces which have nearly succeeded in scuttling PECDAR. Sources within the PA indicate that only a serious show of political muscle by the US can ensure that the World Bank's industrial parks project be implemented in accordance with plans.

An additional problem with the industrial parks project is that they are slated to be funded in large part by private investors—$705 million out of $920 million, according to the report cited above. For this money to be raised, Palestinian investors would almost certainly have to play a major role, and to date they have shown reluctance to do so. Foreign investors, as well as governments, are likely to follow the lead of the Palestinian investors, and will be loathe to commit funds if the Palestinians themselves are not forthcoming.

Relations between Palestinian investors and Arafat have in general been strained, because of the businessmen's complaints that Arafat has not been doing enough to encourage a climate of investment in the PA. They are generally in favor of World Bank standards of economic operations, and at a minimum insist that the PA pass orderly legislation regulating trade and capital

investment practices, along Western standards, for their own protection under the law. A meeting held between Palestinian businessmen and Arafat in May 1995 in Amman, Jordan did not go well, as the businessmen pressed Arafat to pass a law for the encouragement of investments that will answer their needs. Arafat pointed to difficulties he faced with the donor nations and the World Bank in asking for their patience.

A special committee to follow-up on what was said at the meeting was established, including Abd Al-Majid Shuman, the owner of the Arab Bank, Munir Al Masri, Hasib Al Masri (of PADICO), Faisal Al-Husseini, Abu Alaa, Mahmoud Zuhadi, and Muhammad Nashashibi. A draft law for the encouragement of investment has been composed, but it has not yet been passed by the PA. There have been recent signs of a reconciliation between Arafat and an important contingent of businessmen from Nablus, who are hoping that the industrial parks project takes off, although it is still too early to be able to ascertain what consequences will flow from this. According to Palestinian sources, PADICO, a leading Palestinian investment corporation, is now inclined to cooperate with Arafat and is interested in participating in ventures such as the industrial park in Karnei, housing projects, electric power production and telecommunications ventures.

According to Palestinian economic sources, discussions on implementing the first planned industrial park projects, in Karnei, are currently being conducted between Abu Alaa and Uri Savir, the Director-General of the Israeli Foreign Ministry. Israeli sources indicate, however, that the industrial parks project is not proceeding at full speed.

C. The Palestinian Authority budget deficit

An additional topic of discussion at the donor nation conference will be the continuation of donor nation subsidies for the Palestinian Authority budget, and in particular the role that the Holst Fund will play in 1996. The PA is not expected to present a full 1996 budget proposal at the CG conference in Paris, because it is understood that the issue of the PA's tax collection is currently in flux as the PA prepares to take greatly expanded responsibilities in the West Bank. A

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preliminary draft outlining expected expenses and revenues has been circulated among participants in the preliminary consultations held in Gaza in the week preceding the CG conference, according to Palestinian economic sources. The donor nations do, however, expect a full budget PA 1996 proposal sometime in November of 1995.

According to figures supplied by the PA Ministry of Finance and the World Bank, the PA's expenses for 1995 will total some $444 million, balanced by only $216 million in direct revenues, leaving a budget deficit of $228 million which requires subsidy. World Bank officials insist, however, that despite this deficit the PA has proved capable of working within the bounds of a set budget, and has increased the efficiency of its tax collection in the West Bank. They point to initial expectations of total tax revenues of $112 million in 1995, which have been revised upwards to $164 million, including taxes collected by Israel from Palestinian workers in Israel, which have been regularly transferred to the PA in accordance with Israeli-Palestinian agreements. The official statement of the Ad Hoc Liaison Committee summary of its 28 September 1995 meeting also stated that "the AHLC was favorably impressed with the efforts by the Palestinian Authority at revenue collection."

In contrast to this optimism, it should be noted that Peace Watch sources in the Gaza Strip indicate that tax collection there has actually decreased drastically, and is down to only some $300,000 per month, as compared to an estimated $1 million quoted in a report issued by Peace Watch in March 1995. Most of this income tax revenue is apparently taken from the salaries of PA employees, and not from private businesses. These sources express concern that reliance on West Bank tax revenues to the virtual exclusion of the Gaza Strip could potentially lead to political strains in the West Bank.

For 1996, however, the PA's budget is expected to grow rapidly due to the expansion of its role into major segments of the West Bank. The PA has had responsibility for health and education expenses in the West Bank since late 1994, which are the most resource-intensive areas of civilian control, and this responsibility is already reflected in the 1995 budget. The addition of thousands of policemen and extensive equipment to the West Bank will constitute the most significant addition to the 1996 budget, since most of the redeployment of troops is expected by the end of 1995.

Tax revenues are expected to climb, as well, since although the PA has had responsibility for direct taxation in the West Bank since 1 December 1994, it should now be able to increase revenues there as the deployment of Palestinian police in the major cities of the West Bank increases its effectiveness.

Overall, however, it is likely that the increase in spending will outstrip the anticipated rise in tax revenues. US Secretary of State Warren Christopher said in an official statement released after the last AHLC meeting in Washington that the IMF is already preparing plans for the additional resources needed in 1996. Peace Watch has learned that the PA is planning to ask the donor nations to increase by $15 million a month their subsidy of Palestinian police salaries, over and above the current coverage of salaries provided by the donors. The increase in salaries is meant to enable the PA police force to expand by 21,000 employees. The Gaza-Jericho Agreement of 4 May 1994 permitted the PA to maintain a force of 9,000, whereas the interim agreement of 28 September 1995 permits a total PA police force of 30,000. (It should be noted, however, that in practice, the PA deployed at least 18,000 policemen even before the interim agreement was signed). In addition, the PA will ask for large grants of equipment for its growing police force, especially for motor vehicles and a fleet of police helicopters.

A contrasting view presented to Peace Watch by Palestinian economic sources reported that first estimates indicate the 1996 PA budget will involve around $590 million in expenditures and $515 million in total revenues, leaving a deficit of only $75 million if the most optimistic expectations of West Bank taxation revenues (including VAT transfers from Israel) are met.

Indeed, one Palestinian economic source indicated to Peace Watch that there is talk among the parties involved in financial aid to the PA to effect a gradual change in the mechanism of aid disbursement. Instead of collecting all of the donor moneys in the hands of the World Bank to be disbursed to cover PA recurrent costs via the World Bank's subsidiary funds, individual donor states will grant money on a bilateral basis directly to PA ministries, which would then make use of it to support private sector initiatives. Full implementation of these plans would involve closing down the Holst Fund in 1996 and phasing out the special "police salary fund" as well, which would not please some elements in the PA, including Arafat. However, all of this is tentative, and is dependent on the PA actually meeting the optimistic goal of collecting over

$500 million in revenues. It should be noted that this would require the Palestinian Authority to collect about twice as much in taxes as the Israeli Civil Administration in the West Bank and Gaza Strip ever did.

D. The effects of the Israeli closure

Palestinian sources in the Gaza Strip have informed Peace Watch that the deleterious economic effects of the Israeli closures of the territories will also be a topic of discussion at the Paris conference. These sources indicate that they have succeeded in persuading the donor nations to treat the issue seriously.

The Palestinians in particular complained to the donor nations that they were unable to obtain an Israeli agreement to include concrete promises to ease the closure in the Oslo 2 agreement.

According to the Israeli daily *Ha'aretz*, the donor nations, especially the US, Japan, Norway and the EU nations, have already begun raising the issue with Israel, at preparatory meetings leading to the Paris conference, and have expressed concern that continued closure would strangle all expectations for economic growth in the PA, which they term "the cornerstone of progress in the peace process." The World Bank's Odin Knudsen and Terje Larsen, who coordinates the UN's economic programs for Palestinians, also personally expressed their disappointment with the continued closure.

Although the closure has not significantly reduced the flow of goods into the Gaza Strip, it has seriously hurt export-oriented industries, especially the garment industry, which is the second largest employer in the Gaza Strip.[7]

[7] *Ha'aretz*, 15 October 1995, page A3.